

EYESORE TO ASSET:

Building Housing Affordability +
Sustainable Communities

A GUIDEBOOK FOR ADAPTIVE REUSE OF VACANT RETAIL



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The Florida Housing Coalition also acknowledges the commitment and thoughtful contribution from many subject matter experts during the development of this Guidebook.



EXECUTIVE SUMMARY

This Guidebook defines an optimal path for pursuing adaptive reuse of vacant commercial space to support housing affordability, bolster entrepreneurial support systems, and foster strong economies in undercapitalized markets. This document acknowledges the many converging challenges facing low-income communities across the United States and suggests that bold local leadership, creative design, and committed financial partners can transform vacant or underutilized properties and support complete communities.

Local economies in the first two decades of the 21st century face multiple and simultaneous challenges:



A persistent and mounting housing affordability crisis, with a pronounced impact in working class and low-income communities.



Declining rates of small business formation.



Shifts in consumer preference from brick-and-mortar retail to online shopping.

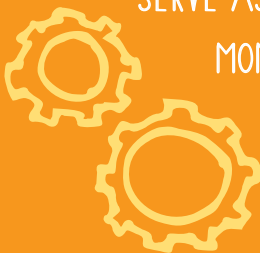


Increasing commercial vacancy rates, with a distinct impact on low-income communities and large format retailers like Sears, Kmart, and regional grocers.

➤ THE FLYWHEEL EFFECT

In business the “Flywheel Effect” describes the principle that a company should focus on incremental, synergistic, and consistent decisions that build momentum and ultimately propel it to market dominance.

FOR LOW-INCOME COMMUNITIES, THE CHALLENGES IN RETAIL, HOUSING AFFORDABILITY, BUSINESS FORMATION, AND COMMERCIAL VACANCY SERVE AS A FLYWHEEL EFFECT IN REVERSE. EACH CHALLENGE BUILDS MOMENTUM FOR LOCAL DISINVESTMENT, BUSINESS AND CAPITAL FLIGHT, INCREASED VACANCY, AND DEBILITATING HOUSING COST BURDENS FOR ENTREPRENEURS AND FAMILIES.



ADAPTIVE REUSE IS A MODEL FOR BREAKING THE TOXIC SYNERGY IN LOCAL COMMUNITIES.



Adaptive reuse of vacant commercial space with both affordable housing and an intentional focus on programming to support entrepreneurs can break the debilitating synergy between these challenges facing local economies.

THIS GUIDEBOOK SUGGESTS THAT LOCAL LEADERS CAN, AND SHOULD, LOOK TO VACANT OR UNDERUTILIZED PROPERTIES AS A RESOURCE IN CATALYZING POSITIVE LOCAL MOMENTUM. THESE PROPERTIES REPRESENT AN OPPORTUNITY FOR CREATIVE ADAPTIVE REUSE FOR AFFORDABLE AND EQUITABLE HOUSING THAT IS PHYSICALLY AND PROGRAMMATICALLY TIED TO ON-SITE WORKFORCE DEVELOPMENT SYSTEMS.

Adaptive reuse refers to the reuse of a building or structure for a purpose other than its original design. To date, adaptive reuse has primarily been deployed in historic structures with intrinsic value to a community like schools, malls, churches, offices, or other landmarks for which a city or neighborhood is known, but their original use no longer meets the needs of the community. There is remarkable diversity in new uses for adaptive reuse projects, ranging from market rate and affordable housing, space for colleges, universities, and local governments, coworking office space, and mixed-use development.

This Guidebook suggests that adaptive reuse can be deployed in traditional retail plazas typified in suburban development and strip center development.





WE LEARNED SO YOU DON'T HAVE TO ...

As lead agency for the research for this Guidebook, the Florida Housing Coalition interviewed experts in affordable housing development, retail, property management, finance and lending, and local government to identify likely barriers and solutions for adaptive reuse. This research served as the foundation for the Coalition's pursuit of a pilot project in the city of St. Petersburg, FL. The pilot site is a traditional suburban shopping plaza suffering from chronically high rates of vacancy, including in its anchor space once leased by a shuttered regional grocer Sweetbay Supermarket. The shopping plaza is in a low-income census tract with local market and economic forces that serve to repel traditional retailers.



Interior, design for redevelopment of a vacant grocery store in St. Petersburg, FL.



A PATHWAY FOR ADAPTIVE REUSE AND SUPPORTING ENTREPRENEURS

Based on the Florida Housing Coalition's research and experience in pursuing a pilot project, this Guidebook offers an optimal path for pursuing adaptive reuse of vacant commercial space. Specifically, we discuss the following:

HOW TO SUPPORT LOW-INCOME ENTREPRENEURS

We research typical barriers to new business formation and identify the needs of low-income entrepreneurs specifically. We find that low-income entrepreneurs are more likely to start businesses requiring significant capital and physical space. We also conduct an environmental scan for entrepreneurial programs in select markets across the country and determine that most programs providing assistance to low-income entrepreneurs focus primarily or exclusively on capital and education. Finally, while creative solutions such as coworking and co-living are increasing in popularity, affordable workspace and housing have not received sufficient recognition as a central challenge for low-income entrepreneurs.

HOW TO IDENTIFY PROPERTIES SUITABLE FOR ADAPTIVE REUSE

We offer a path for identifying properties, including tapping into local market knowledge held by knowledgeable local stakeholders, researching chain store closures or bankruptcies, and a data-oriented approach using generally available parcel-level data.

HOW TO PREPARE FOR AN ADAPTIVE REUSE PROJECT

We discuss the multiple unique challenges in public engagement, design, financing, development, programming, and property management associated with adaptive reuse. Specifically, an adaptive reuse project sponsor should expect to prepare for development and financing challenges like purchasing or leasing a property, identifying an experienced developer, and identifying nontraditional financing sources. This Guidebook also discusses likely management and programming challenges, including identifying an effective property manager, building political and community support, and designing a lease structure that works for tenants and property owners. For each of these challenges we offer practical actions that will increase the likelihood of a project's success.

HOW TO DESIGN THE SITE

There is considerable flexibility in design options for adaptive reuse projects, from reuse of anchor space in a mall to a vacant grocery store. This Guidebook uses the Coalition's pilot project, and the expertise of professor and architect Stephen Bender, of the University of Florida's CityLab, to provide inspiration for what is possible in the design of a vacant big box grocery store.

HOW TO FINANCE THE PROJECT

This Guidebook leverages the expertise of experts in retail development as well as community development and affordable housing finance, including Crossman and Company and the Florida Community Loan Fund, to identify likely scenarios and funding sources that could be utilized in retail adaptive reuse projects. We find that the reuse of vacant grocery anchor space for affordable housing and workspace to support entrepreneurship has the potential to provide significant value to retail property owners. While it is a unique concept at the scale and context presented in this guide, an entrepreneurial property owner could set a precedent for others to follow. The guide also discusses considerations for improving the likelihood of securing financing using traditional funding sources for housing affordability and community development.

ADAPTIVE REUSE AND COMPLETE COMMUNITIES

This Guidebook was funded through the Fannie Mae Sustainable Communities Innovation Challenge (SCIC).

Under this initiative, the Florida Housing Coalition (the Coalition) focused on the adaptive reuse of vacant big box retail for affordable housing and coworking space targeting low-income entrepreneurs. Vacant retail is a common issue, particularly in low-income communities, where large-format grocery stores and others close these locations never to return, resulting in a permanent loss of jobs and physical blight. The Coalition's research looks at this space as a resource to solve the issue of connecting affordable housing with job opportunities. The provision of both affordable housing and affordable workspace creates the financial stability low-income entrepreneurs need to invest in their business and create more jobs in the community, bringing economic opportunity to neighborhoods that

previously suffered loss of jobs and disinvestment in the physical asset due to the departure of retailers.

In addition to research on adaptive reuse, low-income entrepreneurs in the U.S., and co-working as a sustainable business model, the Coalition also conducted in-depth financial and design modeling for a pilot adaptive reuse site in the city of St. Petersburg, FL. The site, located in a former Sweetbay grocery store at the Skyway Plaza at 1010 62nd Avenue South, is owned by Brixmor Property Group, Inc., a real estate investment trust (REIT) and one of the nation's largest retail property owners. This Guidebook includes all the Coalition's efforts under the Fannie Mae SCIC.

CREATING A COMPLETE COMMUNITY: ADAPTIVE REUSE FOR LOW-INCOME ENTREPRENEURS

Low-income neighborhoods across the country face challenging headwinds from three directions:

1. Struggling retail market
2. Barriers to new business formation
3. Affordable housing crisis

Each of these trends deserve a brief note. First, as retail properties across the country face mounting economic and consumer trend pressures from online retail and traditional retailers close stores, residents living in neighborhoods plagued by chronic commercial vacancies must identify creative uses for vacant space. Second, entrepreneurialism and small business formation in the U.S. has flagged between 2007 and 2019 according to the U.S. Census Bureau.¹ The decline in

small business formation poses a significant challenge to local economies, particularly low-income neighborhoods. Third, households continue to struggle to afford rent or a mortgage, a trend that only exacerbates economic challenges for local communities.

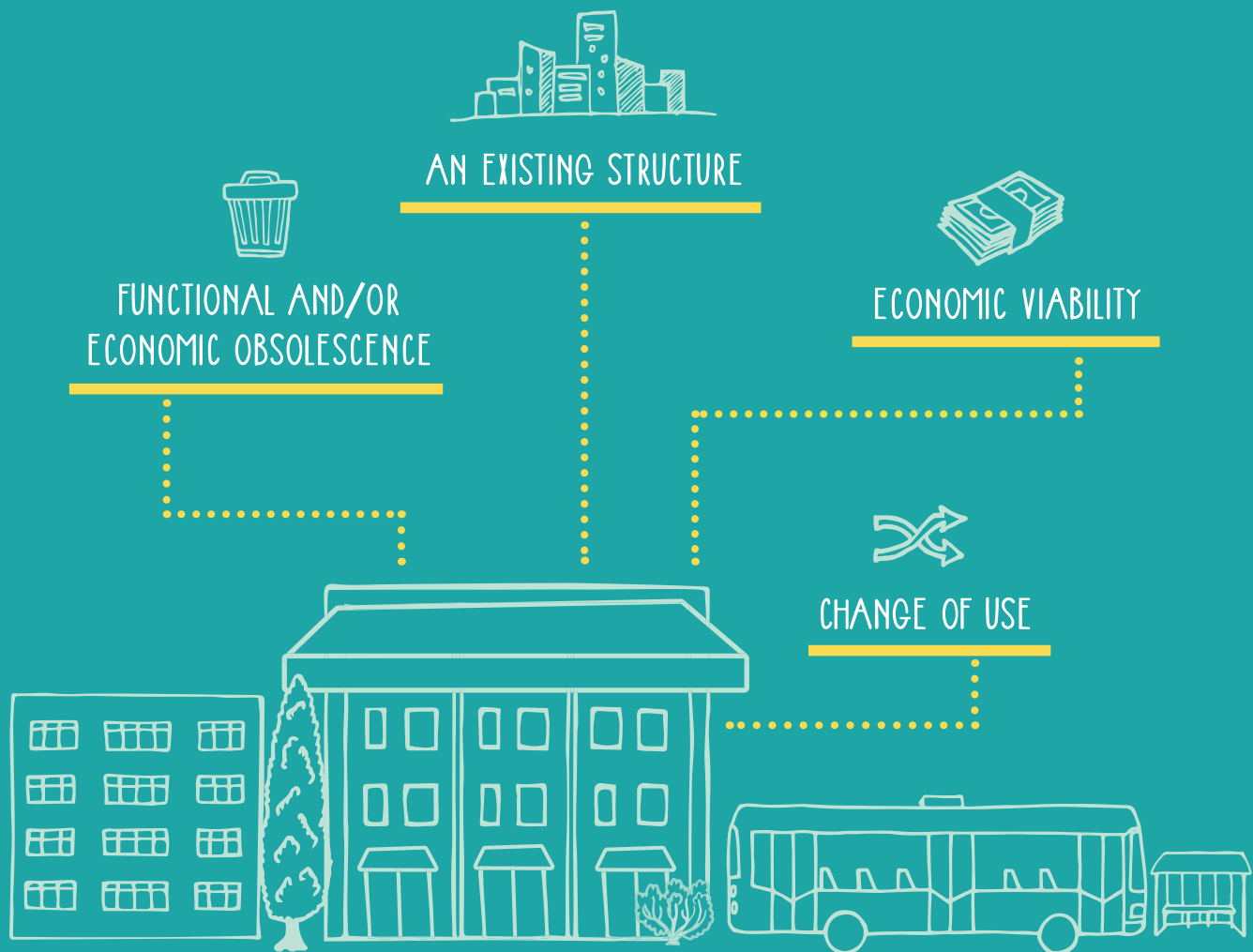
Recognizing these trends, this Guidebook offers a comprehensive solution: adaptive reuse of vacant commercial space into a mixed-use property with both affordable housing and an entrepreneurial supportive eco-system through co-working space and supportive programming. The result is a complete community for neighborhood residents seeking a rewarding retail experience, for new entrepreneurs seeking support and affordable working space, and for families in search of housing that is affordable.

¹ Josh Boak, AP News, "A Slowdown in US business formation poses a risk to economy" <https://apnews.com/e7179fc8b9dc4399818f2038b75ec423> accessed 12/10/2019

BRIEF INTRODUCTION TO ADAPTIVE REUSE

Adaptive reuse refers to the reuse of a building or structure for a purpose other than for which it was originally constructed. Adaptive reuse is growing as an asset class in commercial real estate, and the industry is beginning to take note.

Adaptive Reuse: Turning Blight into Bright,² a report by the Certified Commercial Investment Member (CCIM) Institute and the Alabama Center for Real Estate at the University of Alabama Culverhouse College of Business, provides a recommended definition of adaptive reuse, or as the report coins “AdRu”, as having the following elements:



**TAKEN TOGETHER, ADAPTIVE REUSE REQUIRES AN EXISTING STRUCTURE THAT IS
FUNCTIONALLY AND/OR ECONOMICALLY OBSOLETE,
WHOSE USE IS CHANGED TO ACHIEVE ECONOMIC VIABILITY.**

² https://www.ccim.com/newscenter/commercial-real-estate-insights-report/ccim_cre_insights_report_3q18_web/ accessed 4/11/2019

ADAPTIVE REUSE AND REDEVELOPMENT OF RETAIL SPACE SPECIFICALLY

Adaptive reuse typically connotes reviving an older building, usually a historical structure that has intrinsic value to a community such as a school, church, or theatre structure. Such buildings are typically identifiable landmark structures for which a city or neighborhood is known, but their original use no longer meets the needs of the community. For example, the expansion and consolidation of two schools leads to the closure of one, leaving a historical school building with cultural, social, and economic value sitting vacant. Subsequently, the school structure is sold and reused as loft-style apartments, retail, art gallery and performance space. While adaptive reuse of historical structures has clearly observable value, structures built to maximize economic efficiency, typified in suburban development, also become obsolete and abandoned buildings requiring a change of use to become contributors to the social and economic vitality of a community. A prime example of this last scenario is vacant big box retail space.

HOUSING AS REUSE OF VACANT BIG BOX SPACE

Housing is a common reuse for historic structures and a popular component in the redevelopment of shopping malls and other large regional centers. In most cases,

housing is incorporated as part of a larger redevelopment strategy involving the demolition of vacant anchors and new construction for multiple tenants with housing in separate structures. Housing is less common in the reuse of vacant space at neighborhood centers. Other than reuse for more retail, such space has gone to self-storage, office, gyms, and most recently distribution space to accommodate last-mile deliveries.³

In all cases, housing has yet to find its place as a viable or favored option for the reuse of existing big box retail structures. However, there are a few examples that point to the possibility of housing becoming a scalable solution for vacant big box space. One example is an old art-deco building in Washington, DC, built in 1941 for Sears, sitting vacant for several years, was brought to life as two retailers with apartments built on top of the existing structure.⁴ The development, called Cityline at Tenley, includes 204 units. The metal-clad addition contrasts with but plays well with its concrete, art deco base. While this did not keep housing within the retail box itself, it is an example of working within the existing footprint to incorporate housing.

Another example, also in the Washington, DC area, is a former Macy's building at the Landmark Mall in Alexandria, Virginia. Originally built in 1965, the entire

³ <https://www.bisnow.com/national/news/industrial/big-box-retail-to-distribution-center-trend-real-growing-97284> accessed 4/11/2019

⁴ https://www.builderonline.com/design/above-the-store_o accessed 4/11/2019

PILOT PROJECT: SKYWAY PLAZA



SITE:

Former Sweetbay grocery store

LOCATION:

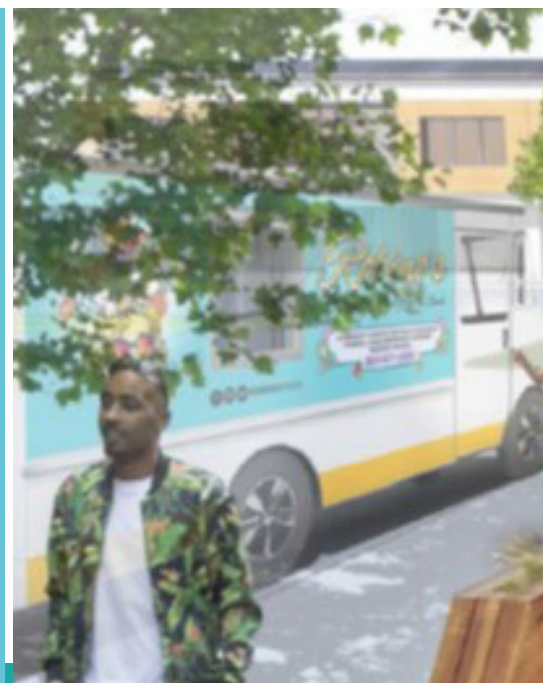
1010 62nd Avenue South
St. Petersburg, FL

OWNER:

Brixmor Property Group, Inc., a real estate investment trust (REIT) and one of the nation's largest retail property owners

SCOPE:

In-depth financial and design modeling for a pilot adaptive reuse site



mall finally shut down completely in 2017 after many years of decline. The Macy's building is currently serving as the temporary location for Carpenter's Shelter, a homeless shelter serving both individuals and families, which moved into the space in June 2018. Carpenter's Shelter anticipates moving into its permanent location in 2020, which involves demolition and new construction at a different location, which will include both transitional and permanent affordable housing units.⁵

While Carpenter's Shelter is a temporary solution, architecture firm KTGy imagines former big boxes serving as permanent locations for transitional housing to address homelessness. Its concept, called Re-Habit, turns the structures into mixed-use buildings with housing and retail, along with amenities such as recreational facilities and roof-top gardens. Though yet to be implemented, the concept demonstrates promise for the incorporation of affordable housing in adaptive reuse of big box retail.

Perhaps the best example is one under development by PathStone in Irondequoit, NY. Working with the existing box, PathStone Corporation received local Planning

Board approval in September 2018 for the reuse of a vacant Sears at the former Medley Centre mall into 72 apartments for seniors. This will be combined with a new 96-unit structure for a total of 168 units.⁶ This reuse of the existing box is one piece of a larger adaptive reuse of the mall. Already completed is conversion of the former Macy's box into a call center for Conduent Inc. where over 600 employees of the company work. Next up, in addition to Pathstone's housing development, is a new community center for the town, which will occupy space near Conduent's new operations. Once completed, the concept for this former mall includes mostly office space combined with the community center, senior housing development by PathStone and some retail space.⁷ The next sections describe the development plans in more detail, with comparisons to the focus of the Coalition's study as well as key information applicable to completing such a development in other locations.

DEMOGRAPHIC TARGET

Irondequoit is an older suburb of Rochester, NY. The mall site itself is in a low-income (New Markets Tax Credit eligible) census tract within Irondequoit. PathStone is targeting the

5 <https://carpentersshelter.org/new-heights/> accessed 5/30/2019

6 <https://www.democratandchronicle.com/story/news/2018/09/26/medley-centre-senior-housing-project-approved-former-sears-building/1430883002/> accessed 4/11/2019

7 Of note, a standalone Target store is also on the site along with a free-standing Applebee's restaurants. Both operations remain open. The owner is also marketing outparcels along the major thoroughfare, East Ridge Road, on either side the existing Applebee's. More information can be found at the property's website: <https://www.dartco.com/skyview> accessed 5/22/2019



Skyway Plaza in St. Petersburg, FL as re-imagined by the Florida Housing Coalition. Architectural and Rendering Credit: bndr, LLC

large senior population that lives in the town. Pathstone describes these seniors as having moved to Irondequoit to raise families and may now need to downsize or no longer be physically able to maintain a larger, single-family home. This localized change in demographics likely contributed to the failing of the mall. PathStone is partnering with a local hospital to provide on-site services to the future residents. The soon-to-come community center will also serve as an amenity and draw for new residents.

LOCATION AND DESIGN

As stated, the development is an adaptive reuse of a department store building at a former regional mall. From a design standpoint, major issues include light, air circulation and access. Courtyards will be created to address light and air circulation. The housing development connects with the rest of the redeveloped mall through secure doors, which will allow direct access to the community center and other uses while also creating a true sense of separation.

The development includes both a reuse of the existing box as well as the addition of a new building, the two being connected by a skywalk. The large number of units is needed both to make the project work financially, and to appeal to the property owner. Having 168 units creates built-in demand for leasing up the rest of the center, which is important to the property owner.

OWNERSHIP STRUCTURE AND FINANCING

PathStone is negotiating a structure through which it will own the improvements and enter into a long-term ground lease with the property owner. The ground lease allows the property owner to maintain some control, including terms for common area maintenance, and is also long-term to meet requirements for financing. PathStone currently estimates total development costs of \$42 million and is seeking an allocation of low-income housing tax credits along with multifamily revenue bonds to finance the development.

MARKET FORCES DRIVING ADAPTIVE REUSE

Vacant big box space is not usually associated with adaptive reuse. However, such space is increasing in availability as large-format retailers close or shift in response to changing consumer patterns. There are two major trends challenging the retail market: growth in ecommerce and changing consumer preferences in the experience of brick and mortar retail. The shift in sales from brick and mortar retail to online marketplaces is expected to accelerate, growing from 9% of all sales in 2017 to 15% of all sales by 2022.⁸ While this trend does not indicate a death-knell for brick-and-mortar retail, it has in part led to the permanent closure and/or significant reduction in physical presence of several major chains, such as Toys-R-Us and Sears. These large national retailers are unable to service debt and other obligations due to declining sales. Second, physical retailers are increasingly focusing on consumer experience within their physical space. The experience of shopping, and the necessity for an attractive space with attention to architectural and experiential detail often forces low-cost, utilitarian design of most big-box retail space into an unmanageable financial situation.

On the surface, it appears commercial retail space has exhibited resiliency and stability during the long economic recovery from the Great Recession and the resulting effects on consumer patterns. This can be attributed partly to an overall slowdown in new construction linked to the slow recovery and anticipated growth and decline in homebuilding. The American Institute of Architects (AIA) Consensus Construction Forecast indicates less than 2% overall growth in retail construction in 2019 and a zero growth by 2020.⁹ However, it is possible that retail has yet to experience the full pain of closing physical locations for big box retailers and other chains. Citing CoStar Group, CNBC reports over 180 million square feet of retail closures in 2016 and 2017, anticipating a record year in 2018 with over 90 million square feet of announced closings halfway into the second quarter of 2018.¹⁰ This square footage is largely attribut-

⁸ <http://www.cbre.us/real-estate-services/real-estate-industries/retail-services/beyond-the-headlines/bth-epocalypse-subscribe> accessed 4/11/2019

⁹ <https://www.aia.org/articles/6096562-though-signs-point-to-a-slowdown-growth-in> accessed 4/11/2019

¹⁰ <https://www.cnbc.com/2018/04/18/the-amount-of-retail-space-closing-in-2018-is-on-pace-to-break-record.html> accessed 5/30/2019

able to big box retailers and others with large floor plans shuttering locations. Referencing Coresight Research, Financial Times reports retailers have already announced nearly as many store closures in the first quarter of 2019 as in all of 2018.¹¹ Most of these closures are expected to take place at regional shopping malls as department store anchors such as Sears and JCPenney, as well as and brands such as Payless Shoe Source, Gymboree and Charlotte Russe close physical locations or wind down business operations altogether.

Big box locations in neighborhood or strip centers, the focus of our research, though perhaps less affected than regional malls, are also not immune to the changing retail landscape. In the Southeast, regional grocers such as Winn Dixie and Albertsons have shuttered or plan to close hundreds of locations. Many of these locations are backfilled with new grocers or other retail tenants. Still many more remain, or will remain, vacant for years as demographics no longer support large-format grocery stores in those locations. Additionally, chains such as Walmart may choose to close smaller locations in strip centers in favor of building larger supercenters nearby. Even more, several shuttered Sears, Kmart and Toys R Us stores were in neighborhood or strip centers.

Overall, big box retail space is going dark at an increasing rate and not expected to slow down. This makes such space targets for adaptive reuse.

CONSIDERATIONS FOR REUSE VERSUS NEW CONSTRUCTION

There is a fundamental tension between keeping an existing big box largely intact and tearing it down and building new. In *The Future of Abandoned Big Box Stores: Legal Solutions to the Legacies of Poor Planning Decisions*, Sarah Schindler provides a framework for determining the appropriate solution for a vacant big box store.¹² The four possible solutions Schindler outlines are:

1. Straight retail reuse
2. Adaptive reuse
3. Demolition and redevelopment
4. Demolition and regreening

According to Schindler, the solutions are evaluated based on the local economy and existing retail landscape, along with ecological goals and land use patterns. Schindler states that adaptive reuse is most appropriate when:

- The community desires smaller scale or locally based retail or there are other uses in demand that require large spaces, such as institutional users (education, government, etc.).
- Several other big-box stores are meeting demand
- The local government supports sustainability, and reuse promotes ecological goals
- The big box is in an area not targeted for redevelopment by the local government

Indeed, economic changes likely led to the closing of the big box store creating the vacancy. Local government support through policies and programs facilitating reuse can lead to more immediate consideration of the adaptive reuse option. Further, it may be cost effective to keep existing infrastructure, including HVAC, sewer, and the building, reduced waste and need for new raw materials, development timelines may be significantly shorter to capitalize on demand from other types of users. Additionally, for big boxes that anchor neighborhood centers or regional malls, property owners may be more likely to support reuse that reinforces the remaining retail and retains the fundamental visual character of the property. Further, keeping the box could be important for historic preservation or cultural value. However, this is often not the case when considering large format grocery stores or other big boxes, as they are typically built to meet functional requirements with little to no interest in form or aesthetics.

Incorporating housing into the reuse creates additional complexity. Housing requires ingress and egress points, HVAC, sufficient light, water, and sewer connections, and must be built according to safety standards. The costs to meet these requirements may outweigh the benefits of keeping the existing structure. Any business or organization considering adaptive reuse must think critically about the benefits of keeping a structure intact and weighing those against the costs of doing so.

¹¹ <https://www.bizjournals.com/tampabay/news/2019/04/02/us-shopping-centre-vacancies-rise-to-eight-year.html> accessed 4/11/2019

¹² Schindler, Sarah. "The Future of Abandoned Big Box Stores: Legal Solutions to the Legacies of Poor Planning Decisions." *The University of Colorado Law Review*, vol. 83, no. 2, 2012, pp. 471-548.

HOW TO SUPPORT LOW-INCOME ENTREPRENEURS

SUPPORTING LOW-INCOME ENTREPRENEURS: WHAT YOU NEED TO KNOW



1. PROFILE OF THE LOW-INCOME ENTREPRENEUR

While data provides some insight, there remain many gaps in the knowledge base. This makes it difficult to define a 'typical' low-income entrepreneur.



2. BUSINESSES OF LOW-INCOME ENTREPRENEURS

Low-income entrepreneurs are more likely to start businesses requiring physical space and significant up-front capital investment.



3. RECOGNIZED OBSTACLES FACED BY LOW-INCOME ENTREPRENEURS

Most programs providing assistance to low-income entrepreneurs focus primarily or exclusively on capital and education.



4. ADDRESSING THE LOW-INCOME ENTREPRENEUR'S NEED FOR AFFORDABLE WORKSPACE AND HOUSING

While creative solutions such as coworking and co-living are growing, affordable workspace and housing have not yet been widely recognized as a key need to be addressed for low-income entrepreneurs.



THIS SECTION REVIEWS
AVAILABLE DATA TO
PROFILE A TYPICAL LOW-
INCOME ENTREPRENEUR.
THIS INFORMATION
IS CRITICAL BECAUSE
SERVICES FOR LOW-
INCOME ENTREPRENEURS
SHOULD BE TAILORED TO
THEIR UNIQUE NEEDS.



ENTREPRENEURSHIP AS ECONOMIC OPPORTUNITY FOR LOW-INCOME HOUSEHOLDS

This section reviews available data to outline a typical profile of a low-income entrepreneur. This information is critical to understand because in order to offer services for the low-income entrepreneur it is first essential to understand who they are, the typical industries they work in, and what their needs are.

To answer these questions, this section reviews nationally available data to build a profile of a low-income entrepreneur. The result of this review is included below.

SUMMARY

In pursuit of detailing a likely low-income entrepreneur based on publicly available data sets and reports cited in this section, the following table summarizes representative characteristics of a low-income entrepreneur.

Table 1. Likely characteristics of a low-income entrepreneur.

Likely characteristics of a low-income entrepreneur	
Age	45-54
Race/Ethnicity	White
Gender	Male
Income	\$37,468
Household Size	2 or more persons
Business industry	Trade
Number of employees	6
Primary barriers to business formation and growth	Affordable & accessible childcare, startup capital, credit, no business background

It should be noted that while these characteristics are the most likely for a low-income entrepreneur, there is considerable diversity within the entrepreneurial class. This diversity is driven, in large part, by regional and socioeconomic characteristics of a given area. Statistically, a low-income community is more likely to have Black/African American or Hispanic entrepreneurs and under-capitalized entrepreneurs relative to higher-income communities. Similarly, the business industry is likely to change depending on a range of factors, including the area of the country, type of urban environment, and dominant industries within the metropolitan region.

GAPS IN THE KNOWLEDGE BASE

In the United States, there are resources available which describe business characteristics and trends, including firm size, demographic data, annual payroll, and industry type. Primary resources for this data include those from the Census: The Survey of Business Owners (SBO),¹³ Statistics of U.S. Businesses (SUSB)¹⁴, the Annu-

¹³ <https://www.census.gov/library/publications/2012/econ/2012-sbo.html> (Accessed 12/30/2018)

¹⁴ <https://www.census.gov/programs-surveys/susb/data/tables.html> (Accessed 12/30/2018)

al Survey of Entrepreneurs (ASE)¹⁵, and the County Business Patterns (CBP)¹⁶. In addition to the Census, the U.S. Small Business Administration publishes the Small Business Profiles (SBP) data set¹⁷.

Of principle concern upon reviewing these data sources is the paucity of data on the characteristics of business founders. It is very challenging to offer an authoritative portrait of the household income characteristics of entrepreneurs, for instance. Given this lack of data, income figures presented in this section are based on sponsored studies discovered through a literature review.

DEMOGRAPHICS AND BUSINESS SIZE

Nationally available data sets offer information on the demographic characteristics of entrepreneurs in general. The table below shows ASE data on the total number of firms with paid employees, the annual payroll of firms, and the number of paid employees by race/ethnicity of the business owner. The data shows that white-owned firms represent the largest share of all businesses with paid employees in the United States (80.9%), followed by Asian-owned firms (9.9%), Hispanic-owned (6.0%) and finally Black-owned (2.1%). Measures of business size, including annual payroll and number of paid employees mirror this list. Black-owned firms are the fewest in number, have the lowest annual payroll, and the fewest number of paid employees of all racial/ethnic groups.

The data shows that Whites represent a disproportionate share of entrepreneurs, annual payrolls, and number of paid employees.

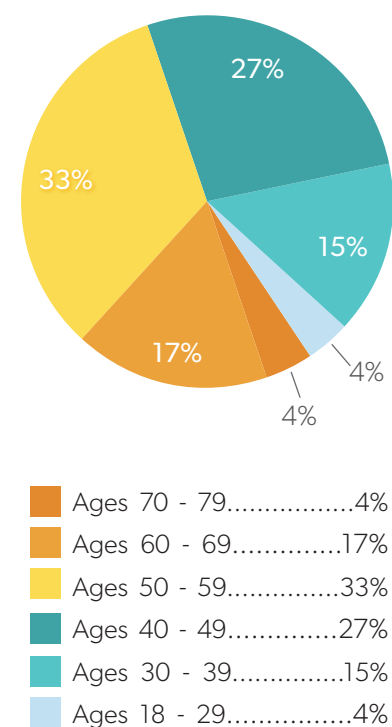
Table 2. Demographic characteristics of all firms

Annual Survey of Entrepreneurs, demographic characteristics of all firms			
	Number of firms with paid employees (share of all firms)	Annual payroll (\$1,000)	Number of paid employees
All Firms	5,601,758 (100%)	6,104,564,025 (100%)	121,083,343 (100%)
White-Owned	4,534,290 (80.9%)	2,148,677,771 (35.2%)	52,123,706 (43.0%)
Black-Owned	121,466 (2.1%)	31,415,343 (0.5%)	1,132,916 (0.9%)
Asian-Owned	555,262 (9.9%)	142,058,761 (2.3%)	4,424,656 (3.7%)
Hispanic Owned	337,533 (6.0%)	91,225,211 (1.5%)	2,787,944 (2.3%)

Source: 2017 U.S. Census Annual Survey of Entrepreneurs, SE1600C SA01

THE DATA SHOWS THAT WHITES REPRESENT A DISPROPORTIONATE SHARE OF ENTREPRENEURS, ANNUAL PAYROLLS, AND NUMBER OF PAID EMPLOYEES.

Figure 1. Age range of small business owners.



Source: Small Business Trends, GuidantFinancial and Lending Club, 2017 report

¹⁵ <https://www.census.gov/programs-surveys/ase.html> (Accessed 12/30/2018)

¹⁶ <https://www.census.gov/programs-surveys/cbp.html> (Accessed 12/30/2018)

¹⁷ <https://www.sba.gov/advocacy/entrepreneurship-low-income-areas> (Accessed 12/30/2018)

Guidant Financial and LendingClub issue an annual State of Small Business survey ¹⁸. For its 2017 report, Guidant reports over 2,600 current and aspiring business owners across the country responded to the survey questions. The data includes information on the typical age range of respondents in the survey, presented below.

The data shows that small business owners are most likely to be between the ages of 50 and 59 (33% of respondents), followed by those aged 40 – 49 (27%). The youngest (18-29) and oldest (70-79) age groups are the least likely to be business owners.

The table below summarizes research by the U.S. Small Business Administration (SBA) for a report on entrepreneurship in low income areas ¹⁹. The report's intent was to separate entrepreneur characteristics in low-income areas and compare those figures to all other areas. Given the report's focus on a highly relevant entrepreneur population, this section frequently references the SBA report.

The table below shows a difference in the age of a business owner in a low-income area compared to other areas: business owners are generally younger in low-income areas compared to the rest of the country. Mirroring the Guidant Financial and Lending Club report discussed earlier, the two most likely age groups for business owners are 45-54 and 55-64, although the position of these two is swapped according to the SBA.

For the purposes of this report, we believe the SBA's data is more relevant to the population under consideration and will assume the most likely age group is between 45 and 54.

HOUSEHOLD SIZE

Data on the household size of low-income entrepreneurs is essentially nonexistent. Nationally available data sets do not include this information, and private surveys have not examined the issue. As the household size of a typical low-income entrepreneur is important from the perspective of an apartment building and its composition of unit types (1-bedroom, 2-bedroom, etc.), it is important to determine the most likely household size for low-income entrepreneurs. In pursuit of this, the table below shows American community survey (ACS) data on household size for renter households by age group.

The data shows that a majority of renter households between the ages of 15 to 54 (inclusive of the 45 – 54 age group previously identified as the most likely age group for a low-income entrepreneur) are a household with two or more persons. The total number of renters between 15 to 54 (22,455,153) in the United States represents 54.7% of all renter households between the age of 15 and 54. This data does not distinguish by household income, but is indicative of the distribution of renter household size by age range.

Table 3. Ages of business owners in low-income and other areas.

Age Ranges	Low-Income Areas	All Other Areas
15 – 24 Years	1.6%	0.9%
25-34 Years	11.3%	9.1%
35-44	19.2%	18.1%
45-54	26.7%	27.6%
55-64	26.2%	28.0%
65+	15.0%	16.2%

Source: Entrepreneurship in Low Income Areas. U.S. SBA. 2017. Page 22.

¹⁸ <https://www.guidantfinancial.com/small-business-trends/> (Accessed 12/30/2018)

¹⁹ Entrepreneurship in Low Income Areas by Maurice Kugler, Marios Michaelides, Neha Nanda, and Cassandra Agbayani for IMPAQ International. U.S. Small Business Administration, Office of Advocacy, 2017.

Table 4. Household size by age.

1-person renter household	Number	% of HH size total
Total	15,677,132	100%
Householder 15 to 54	8,592,138	54.8%
55 to 64	2,853,097	18.2%
65 to 74	2,021,230	12.9%
75+	2,210,667	14.1%
2+ person renter household	Number	% of HH size total
Total	27,315,654	100%
15 to 54	22,455,153	82.2%
55 to 64	2,789,771	10.2%
65 to 74	1,293,253	4.7%
75+	777,477	2.8%

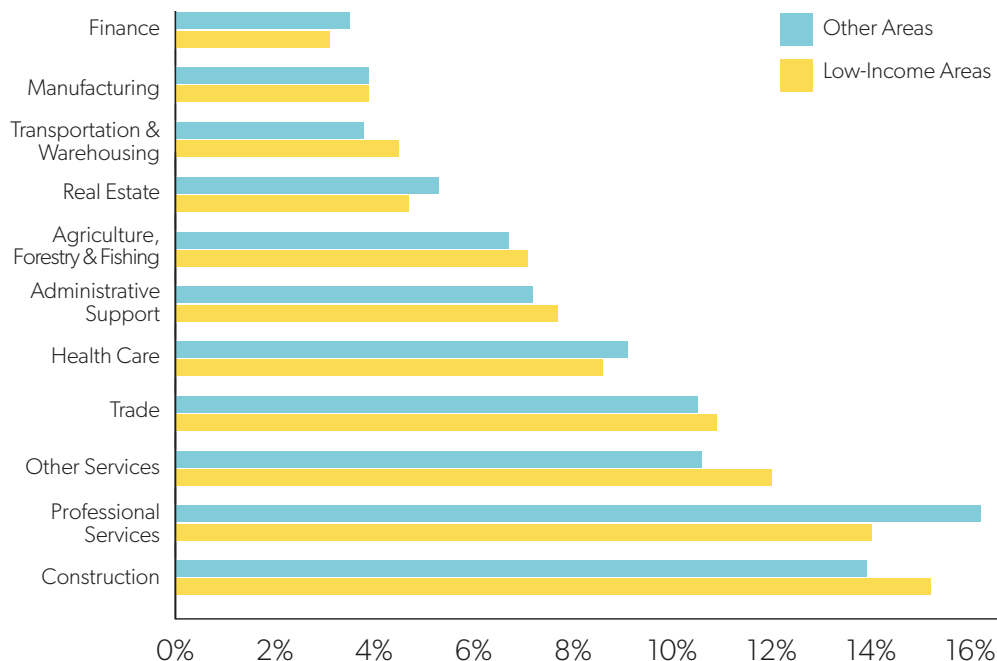
Source: 2013-2017 ACS, Table B25116

DATA ON THE
HOUSEHOLD SIZE
OF LOW-INCOME
ENTREPRENEURS
IS ESSENTIALLY
NONEXISTENT.



INDUSTRIES AND ENTREPRENEUR INCOME

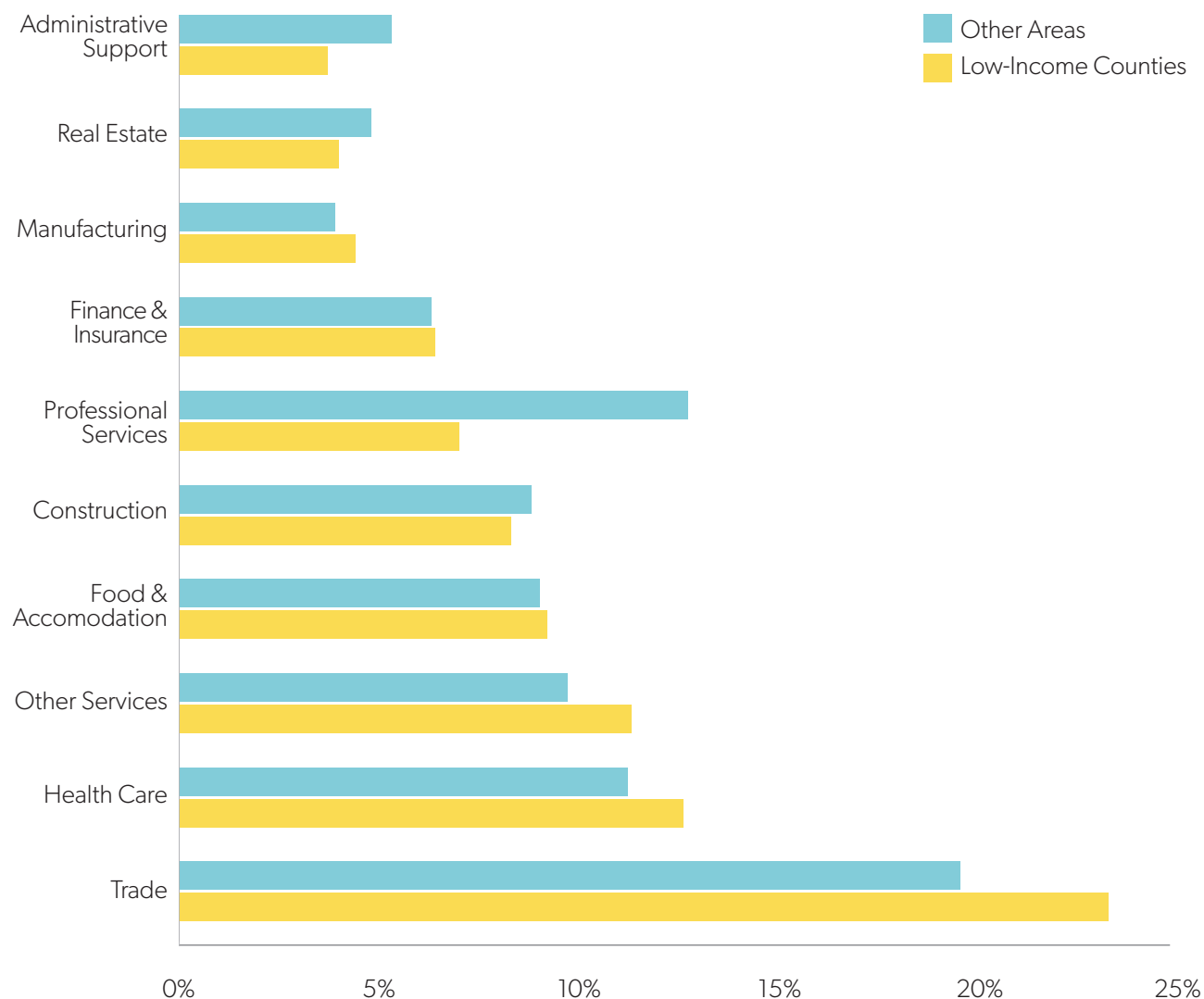
The SBA report cited previously offers essential insight into the industry distribution of businesses in low-income areas. The chart below shows the share of all businesses in two geographic areas: low-income and all other areas. The chart shows that businesses located in low-income areas are most likely to be in the construction, professional services, other services, and trade industry. It is worth noting that for non-low-income areas, the share of businesses by industry ranks essentially the same, with the exception of professional services and finance and insurance industries – businesses in these two industries represent a smaller share in low-income communities than in other areas.

Figure 2. Industry distribution of businesses in low-income and other areas.

Source: Entrepreneurship in Low-Income Areas, page 28.

The SBA report also examined the industry of employer businesses, those that have at least one paid employee (job creators), in low-income and other areas. These employer businesses are likely to be smaller, often family owned, and fit the most likely business profile of a low-income entrepreneur. The SBA's figures on the industry distribution of employer businesses is presented in Figure 3 below. Employer businesses are most likely to be in Trade, Health Care, Other, and Food & Accommodation. It should also be noted that these industries typically require significant capital input to get started, particularly in Food and Trade. Given the statistics on these industry types, programs supporting low-income business owners should focus on the physical space demand for Trade and Food.

Figure 3. Industry distribution, employer businesses in low-income and other areas.

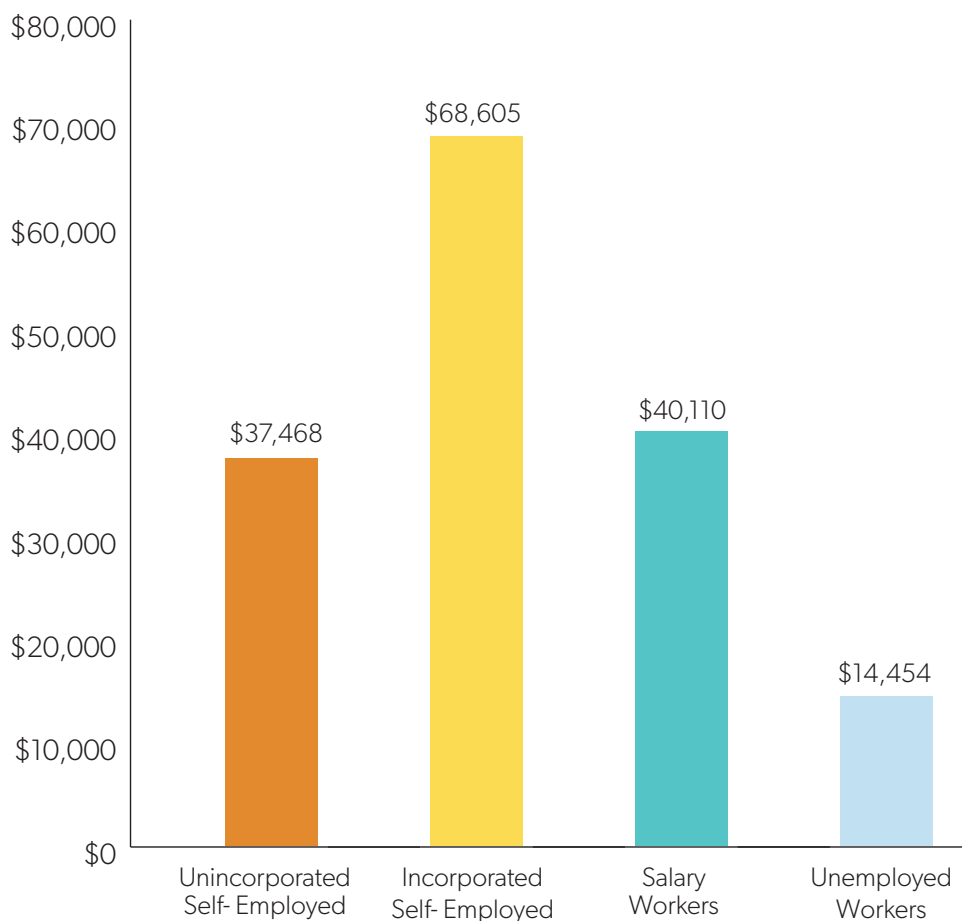


Source: Entrepreneurship in Low-Income Areas, page 30.

In addition to industry type, the SBA report also examined data on the estimated household income of low-income entrepreneurs. Figure 4 below shows the SBA report's estimates of the total labor and non-labor income for entrepreneurs in low-income areas. The report's authors estimate that self-employed entrepreneurs working for an unincorporated business earn approximately \$37,468 per year and \$68,605 per year for incorporated businesses. The report's authors also note that entrepreneurs are disproportionately more likely to not incorporate their business in a low-income area compared to entrepreneurs in higher-income areas.

Given this report's focus on low-income entrepreneurs, it is reasonable to focus on the SBA report's estimates for unincorporated self-employed entrepreneurs. The household income of \$37,468 is used as a proxy for the likely profile of a low-income entrepreneur.

Figure 4. Total labor and non-labor income in low-income areas.



Source: Entrepreneurship in Low-Income Areas, page 41.

OBSTACLES

There are numerous obstacles to forming and growing a business, particularly for low-income entrepreneurs. There is also a rich body of literature examining the obstacles low-income entrepreneurs face when forming businesses and working to grow them. This section reviews the body of literature that identifies some of the barriers to business formation and growth for low-income entrepreneurs.

Many entrepreneurs lack a background in business and lack general expertise in business formation, a challenge often passed down through the generations and dependent on paternal modeling²⁰. This obstacle is critical to understanding the persistent disparity in business formation between different racial/ethnic groups, and White dominance in new business formation.

20 Hout, M., and Rosen, H.S. (2000). Self-Employment, Family Background, and Race. Journal of Human Resources, Vol. 35, pp.670-692.

... ACCESS TO
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Entrepreneurs face a critical lack of access to capital, with family capital serving as an important component in business formation decision-making²¹. Beyond strictly access to capital, researchers have also identified a lack of access to credit as an important barrier to business formation, including racially discriminatory credit practices²². These barriers pose a serious threat to the long-term growth and development of minority-owned businesses, including women-owned businesses.²³

In recent years, access to affordable childcare has become a significant barrier to new business formation, particularly for low-income entrepreneurs in areas lacking access to quality childcare. In one survey, more than a third of small business owners with children reported that a lack of access to affordable, high-quality childcare was a barrier to starting a business²⁴.

Affordable workspace is typically not cited as a barrier for low-income entrepreneurs. However, it relates with other barriers, particularly lack of access to capital. Leasing or

purchasing of real estate for business operations along with equipment and furnishings are large expenses for any business. Securing the necessary space to operate and grow is particularly challenging for low-income business owners. For example, a food business may need both a storefront to face clients, access to a commercial kitchen for preparation and refrigeration for proper storage. All of these require capital that a low-income entrepreneur may not have the ability to access.

Affordable housing is also not typically cited as a barrier for low-income entrepreneurs. This may be due to the need for affordable housing being a “given”, an issue not unique to low-income entrepreneurs, but one that affects the larger population. However, for low-income entrepreneurs specifically, housing unaffordability can create financial instability, making it difficult to budget and save for necessary business investments. Additionally, the expense of housing may mean less money available for needed services such as childcare.

21 Dunn, T., and Holtz-Eakin, D. (2000). Financial Capital, Human Capital, and the Transition to Self-Employment: Evidence from Intergenerational Links. *Journal of Labor Economics*, Vol. 18, pp. 282-305.

22 Blanchflower, D.G., Levine, P.B., and Zimmerman, D.J. (2003). Discrimination in the Small Business Credit Market. *Review of Economics and Statistics*, Vol. 85, No. 4, pp. 930-943.

23 Blanchard, L., Zhao, B., and Yinger, K. (2005). Do Credit Market Barriers Exist for Minority and Woman Entrepreneurs? Center for Policy Research, Working Paper No. 74.

24 Small Business Majority (2017). Opinion Poll: Small Businesses Face Barriers to Affordable Child Care, Support Expanded Access.

COWORKING, CO-LIVING AND THE LOW-INCOME ENTREPRENEUR

Many types of businesses need affordable space in which to operate. However, physical space may be too expensive for a business to afford due to issues such as size of the space, lease terms and the need also to furnish and equip the space. Additionally, everyone needs an affordable place to live after work, creating the security needed to make financial plans for investing in one's business. Coworking and co-living are two trends in real estate that are addressing this need. Below, we will briefly describe both and how they may possibly meet the needs of low-income entrepreneurs.

COWORKING

Coworking is a term used to refer to shared workspaces, generally where self-employed individuals and small businesses of all types work side-by-side. These shared workspaces are generally fully furnished, come with access to internet, phone, and meeting space. Access to coworking space is by paid membership as opposed to a lease, allowing flexibility in the length of time. The growth of coworking is disrupting the real estate industry, as the freelance workforce grows along with small businesses, who often need the flexibility offered by coworking spaces. Larger businesses are also considering coworking spaces as they design facilities for collaboration. Just like small business owners, larger businesses also like the ability to use space for shorter periods of time allowed in typical commercial leases.

In addition to their generally low cost and shorter terms, coworking spaces are known for their cultures and sense of community (or lack thereof). Two of the largest coworking businesses are good illustrations of coworking culture. WeWork, the largest player in the coworking field, creates a sense of community amongst its members through its space design and programming. Conversely, competitor Regus creates more of a corporate image

for its members through space design and locational choices, with no community programming.

The first recognized coworking space, Spiral Muse Coworking Group, was founded in San Francisco by Brad Neuberg, an independent IT specialist who wanted to offer space and social infrastructure for other entrepreneurs and freelance workers in the knowledge industry.²⁵ Coworking space began to experience significant growth starting in 2008. Current estimates range from 14,000²⁶ to 19,000²⁷ coworking spaces worldwide at the end of 2018. As a new type of business and asset class, over half of all spaces worldwide are less than 1 year old. Only 40% of coworking spaces are profitable, overall. However, 72% are profitable after 2 years of operating. As the majority of spaces are less than 1 year old,²⁸ there is the likelihood that overall profitability will increase as the industry matures.

The business is growing, with projections for over 6,000 coworking spaces in the US alone by 2022.²⁹ Driving this growth are changes in the labor market. Globalization and technological advances promote more collaboration amongst businesses. Also, the rising freelance workforce is driving demand for coworking

25 The original blog post announcing the coworking space can be found at: <http://codinginparadise.org/weblog/2005/08/coworking-community-for-developers-who.html> (Accessed 12/30/2018)

26 Foertsch, Carsten (2018). 1.7 Million Members Will Work in Coworking Spaces by the End of 2018. Deskmag: <http://www.deskmag.com/en/1-7-million-members-will-work-in-coworking-spaces-by-the-end-of-2018-survey> (Accessed 12/30/2018)

27 Amador, Cecilia (2018). Coworking is the New Normal and These Stats Prove It. Allwork: <https://allwork.space/2018/03/coworking-is-the-new-normal-and-these-stats-prove-it/> (Accessed 12/30/2018)

28 Foertsch, Carsten (2011). How Profitable Are Coworking Spaces? Deskmag: <http://www.deskmag.com/en/how-profitable-are-coworking-spaces-177> (Accessed 12/30/2018)

29 Number of Coworking Spaces in the United States from 2007 to 2022. Statista (2018): <https://www.statista.com/statistics/797546/number-of-coworking-spaces-us/> (Accessed 12/30/2018)

A MINORITY OF
THE PROGRAMS
DESCRIBED IN THIS
MARKET STUDY
OFFER TRADITIONAL
COWORKING SPACE
FOR LOW-INCOME
ENTREPRENEURS.



space. Worldwide, freelancers make up 41% of coworking memberships.³⁰ This figure is less in North America, where freelancers make up 37%. Employees of businesses make up another 35% of memberships in North America, which may represent another trend: the recent attractiveness of coworking space for larger, established companies to promote innovation and collaboration with startups. Microsoft, Verizon, and even HSBC are utilizing coworking space.³¹ Coworking space could also be utilized by smaller markets to recruit large businesses and workforce talent.

OTHER GLOBAL COWORKING DEMOGRAPHIC TRENDS WORTH NOTING FROM THE 2017 GLOBAL COWORKING SURVEY:³²



The average age of coworking members is around 36



86% of members have at least a bachelor's degree



Female membership is growing, increasing from 33% in 2012 to 44% in 2017. However, breaking down by age and household type, female membership drops significantly once they get married between the ages of 30 and 50. Childcare appears to be the main reason for the sharp drop off in female membership after marriage. (Recall that lack of affordable childcare is one of the key barriers to success for low-income entrepreneurs.)³³



36% of members are married and 36% have children



16% of members report their income as low or very-low relative to cost of living, with another 49% reporting their income as somewhere in the middle (not low, but not high)



IT workers represent the largest users of coworking space, with 22% of members. They are followed by public relations, marketing, sales, and advertising professionals at 14%

30 The 2017 Global Coworking Survey. Deskmag (2018): <https://www.slideshare.net/carstenfoertsch/members-of-coworking-spaces-demographic-background-global-coworking-survey-80058366> (Accessed 12/30/2018)

31 Huang, Yifi (2018). Coworking Key Figures: Data and Estimations for 2019. Coworking Resources: <https://www.coworkingresources.org/blog/key-figures-coworking-growth> (Accessed 12/30/2018)

32 All demographic statistics from 2018 Global Coworking Survey by Deskmag: <https://www.slideshare.net/carstenfoertsch/members-of-coworking-spaces-demographic-background-global-coworking-survey-80058366> (Accessed 12/30/2018)

33 Foertsch, Carsten (2017). The Members: Who Works in Coworking Spaces. Deskmag: <http://www.deskmag.com/en/members-of-coworking-spaces-demographics-statistics-global-survey-coworkers-research-2017> (Accessed 12/30/2018)

COWORKING FOR LOW-INCOME ENTREPRENEURS

This market analysis examines selected supportive programming for low-income entrepreneurs in major US markets and finds it to be a mixed bag in terms of offerings of coworking space. A minority of the programs described in this market study offer traditional coworking space for low-income entrepreneurs. This could be explained by the types of businesses that low-income entrepreneurs tend to start. Employer businesses in low-income communities, those that create jobs, tend to be in trade (retail), healthcare (nursing, home care), other services (such as nonprofit organizations) and food. Traditional users of coworking space are in fields such as IT, marketing, public relations, writing and consulting. However, all of the more typical businesses in low-income areas need physical space and could benefit from shared workspace. The shared workspace should be geared to the likely business types in low-income communities. For example, retail businesses could share storefront, production, distribution, and storage space. Food businesses could share storefronts, commercial kitchens, and refrigeration. Such is the thought process behind programs in Detroit, like FoodLab and Detroit Community Markets.

CONSIDERATIONS FOR CO-WORKING AS A REUSE FOR VACANT RETAIL SPACE

Studies indicate that co-working or shared office space is a growing asset class. According to Jones Lang LaSalle, coworking space is growing at an impressive 23% annually³⁴ and is expected to comprise as much as 30% of all office stock by 2030. The idea of shared working space is catching on in the retail development industry and even with retailers themselves. Vacant space is being used to incubate retail entrepreneurs and some established retailers are providing space within their locations for small businesses. A few examples:

- Seaport Studios in New York provides temporary space for several, local designers. The idea allows businesses to establish a physical presence, where they previously only sold online.³⁵
- 1776 Cherry Hill Mall is a retail incubator recently opened at the mall in New Jersey, taking up 11,000 square feet of vacant space.³⁶
- With seed funding from venture capitalists, Re:Store in San Francisco provides space for designers covering the entire production timeline from inventory and co-working space to a shared storefront to sell products.³⁷

In *Can Coworking Work at the Mall*, a report by Jones Lang LaSalle, the company studies whether coworking is a viable option for filling vacant retail space by answering whether it is both profitable and impactful.³⁸ A few key points from the report with implications for low-income communities include:

- Jones Lange LaSalle concludes that coworking space is a viable solution to fill vacant retail space, contributing to a center's sustainability through providing daytime population and additional foot traffic that can attract other tenants.
- Coworking space in retail locations tends to be in high-income communities. The average household income in a 3-mile radius for retail coworking is approximately \$100,000.
- Most coworking space in retail locations are either in malls or urban retail locations, a different type of location than the neighborhood-serving strip shopping centers that are the subject of this study.

With these factors in mind, it is likely that coworking locations in low-income communities will require creative financing with significant public investment to be a viable.

34 <https://www.us.jll.com/en/coworking-market-growth> accessed 4/12/2019

35 <https://www.designretailonline.com/projects/trends/emerging-trend-incubator-retail-spaces/> accessed 4/12/2019

36 <https://product.costar.com/home/news/shared/194175> accessed 4/12/2019

37 <http://fortune.com/2018/10/01/restore-funding-retail/> accessed 4/12/2019

38 <https://www.us.jll.com/en/trends-and-insights/research/can-coworking-work-at-the-mall> accessed 4/12/2019

CO-LIVING: A MARKET RESPONSE TO THE NEED FOR AFFORDABLE HOUSING

Co-living is essentially a form of housing where individuals lease private rooms and share spaces such as kitchens and living rooms. Co-living is designed to offer an affordable housing option, particularly in urban areas to younger workers, where land and construction costs are high. Just as in coworking, the housing is usually fully furnished (even with linens, flatware, cooking utensils and televisions), comes with internet, cable, and housekeeping. While tenants sign leases in most cases, some provide access through a membership fee like coworking. Also, similar to coworking space, most co-living developments have programming to create a culture that build on the sharing nature of the living space, encouraging professional collaboration and social experiences amongst residents. Some offer coworking space on site. Such things differentiate co-living from typical apartments, and reasons co-living is growing in popularity among entrepreneurs, freelance workers, and young professionals generally. Co-living appears to be a market response to the need for more affordable housing for this segment of the population. While most co-living developments are small (less than 10 residents), some expect co-living to disrupt the traditional apartment development in the same way that coworking has disrupted office, particularly in larger cities with rising rents, and bring co-living to scale. New York City-based Common, recognized as the nation's largest co-living operator, has over 700 beds in its portfolio mostly in smaller properties (former single-family homes and small apartment buildings), and is embarking on major national expansion.³⁹ One notable exception is its Baltic West development in New York City, which contains a mix of co-living and traditional studio apartments, housing over 135 residents.. Ollie is another growing co-living developer aiming to bring

the business to scale. Ollie has 10 locations, including the largest co-living development on the continent, the 426-bed Alta in Long Island City, NY.⁴⁰

Challenges to scaling co-living include financing and zoning. Conventional financing is difficult to secure, as this is still considered a new, unproven product, which creates underwriting challenges. For example, units are assumed to be occupied by individual households as opposed to multiple households. Also, zoning laws may limit co-living developments, such as requirements for size, the definition of a dwelling unit, and the number of unrelated residents that may reside in a dwelling unit. Ollie, mentioned above, was recently able to obtain institutional financing through AIG for its Alta development in New York by designing the units to be easily convertible to traditional apartments should the co-living option not meet financial projections.⁴¹ Ollie also makes sure to comply with zoning laws in every market it builds.⁴² A measure which may attract institutional financing to co-living is support from local government. New York City recently launched its ShareNYC pilot program that will provide financing for co-living developments as part of its Housing New York 2.0 plan, an effort to produce 300,000 affordable homes by 2026.⁴³ Complimenting local government efforts such as in New York City, Common hosts a Co-Living Capital Markets Summit, bringing together professionals from various fields to raise the profile of co-living among leaders in real estate, finance and design.⁴⁴

For single, younger persons that are low-income entrepreneurs, co-living is a viable option, creating both lower housing costs and building community. However, low-income entrepreneurs tend to be households of 2 or more. So, co-living may not be an attractive option, especially for households with children. To address this,

39 <https://rew-online.com/2019/04/common-in-300m-expansion/> Accessed 12/12/2019

40 Rothstein, Ethan (2017). Co-living Grows Up: Scrappy Startups Preparing to Disrupt Housing on a Massive Scale. Bisnow: <https://www.bisnow.com/national/news/multifamily/coliving-welive-common-ollie-venture-capital-74460> (Accessed 12/30/2018)

41 Alexander, Bendix (2017). Co-Living Project Developer Seeks Institutional Funds and Expansion. National Real Estate Investor: <https://www.nreionline.com/multifamily/co-living-project-developer-ollie-seeks-institutional-funds-and-expansion> (Accessed 12/30/2018)

42 Ibid

43 ShareNYC RFI/RFEI page: <https://www1.nyc.gov/site/hpd/developers/request-for-expressions-of-interest/share-nyc-rfi-rfei.page> (Accessed 12/30/2018)

44 <https://www.colivingsummit.com/> Accessed 12/12/2019

StarCity, a co-living developer in California, is currently studying the possibility of co-living for families.⁴⁵ Also, New York City's ShareNYC initiative may provide some insight into the attractiveness of co-living for low-income households of all types. With that, as co-living is the only affordable housing type targeting entrepreneurs, this study looks at co-living options in various markets, and how they provide affordable housing options for low-income entrepreneurs.

THE RESPONSE IN SELECTED US MARKETS

With insight into who low-income entrepreneurs are and the types of businesses they operate, this section surveys various markets throughout the United States to understand the degree to which the needs of low-income entrepreneurs are being met, with a focus on whether organizations or businesses working with low-income entrepreneurs incorporate coworking space, co-living or other affordable housing as part of their programming. The markets profiled were Atlanta, New York City, Detroit, Houston, Denver, Los Angeles, Miami, and Tampa Bay. These markets were chosen as a sample to represent all regions of the United States. Of these markets, Atlanta, Denver and Tampa Bay are featured here, Tampa Bay being the region chosen by the Florida Housing Coalition to complete its research and design project for the adaptive reuse of a vacant big box retail space into coworking and affordable housing targeting low-income entrepreneurs.

Each market profile includes information on a sample of organizations, programs, and businesses in that market to assist low-income entrepreneurs, including:

- A brief description of the organization, program, or business, such as target industries served or target sub-population, such as minority women.

- The types of buildings these organizations, programs and businesses operate in, as our research and design project focus is adaptive reuse of vacant retail space in low-income communities
- The poverty rate of their location to understand accessibility to their targeted client
- Their location in relation to the rate of self-employment in the area of location as well as housing cost burden to understand how these programs are responding to market needs.

In addition to information on some of the organizations, programs and businesses serving low-income entrepreneurs, the market profiles provide information on co-living options currently or soon-to-be available.

The study finds that there are a variety of organizations, programs and businesses serving low-income entrepreneurs, though not all include coworking or shared workspace as part of their offerings. Additionally, none of the programs directly include co-living or other affordable housing component, effectively missing the connection between low-income entrepreneurs' need for affordable housing and their ability to invest in and grow their businesses. Given this, there exists unmet need for coworking and shared workspace, and affordable housing (co-living or otherwise) for low-income entrepreneurs in these markets.

See Appendix A for profiles of the other representative markets.

⁴⁵ <https://starcity.com/families> (Accessed 12/30/2018)



...THIS SECTION SURVEYS VARIOUS MARKETS THROUGHOUT THE UNITED STATES TO UNDERSTAND THE DEGREE TO WHICH THE NEEDS OF LOW-INCOME ENTREPRENEURS ARE BEING MET...

MARKET PROFILE: ATLANTA

Atlanta has a diverse range of governmental and non-governmental programs targeted at low-income entrepreneurs. These programs do not include a subsidized housing component and can be categorized largely in the traditional business assistance and startup accelerator approach replicated across the country. Many of the programs are headquartered in high poverty census tracts, suggesting the programs are proximally available to low-income entrepreneurs.

Table 5. Select Programs in Atlanta.

#	Program Name	Program Details
1	Center for Black Women's Wellness, Women's Economic Self Sufficiency Program (WESSP)	WESSP is a micro-enterprise development initiative used as a strategy to increase the opportunity for women to become self employed by starting and operating a micro-business. The program serves primarily low-to-moderate income women by providing them with financial literacy, life skills, business development and technical assistance.
2	Ascend 2020 Atlanta	Ascend 2020 is a technology startup and small business support ecosystem focused on supporting minority-led businesses and entrepreneurs. Programming includes support on management education, access to capital, and mmerce, Invest Atlanta, and the Georgia Minority Supplier Development Council. A partnership between JP Morgan Chase and Morehouse College Entrepreneurship Center.
3	Center for Civic Innovation	The Center for Civic Innovation is focused on empowering mission-based entrepreneurs in Atlanta with a vision for improving social outcomes. The program includes support and services for entrepreneurs at any stage of business formation, including: initial startup assistance, idea testing and development, a leadership growth and residency program, and funding support for scalable ideas.
4	Urban League of Greater Atlanta	The Urban League of Greater Atlanta operates the Small Business Start Up Accelerator program. It is an eight-week small business start-up accelerator training and development program to help entrepreneurs identify a business venture and learn market driven fundamentals of planning for the launch and operation of a profitable small business enterprise.
5	ACE Women's Business Center	Funded in part through a cooperative agreement with the U.S. Small Business Administration, ACE Women's Business Center provides services for women entrepreneurs at all stages of planning, implementation, and growth. Services include individual coaching, workshops & webinars, connections to resources, and networking opportunities.
6	Russell Center for Innovation & Entrepreneurship	The Russell Center for Innovation and Entrepreneurship (RCIE) will be an adaptive reuse of a 40,000-square foot space. Once fully developed, RCIE will feature programming promoting a citywide and national dialogue around innovation, start-ups, and venture capital. RCIE will include Coworking space, permanent office space for entrepreneurs, meeting rooms, classroom spaces, and supports a variety of industries not exclusively tech related.

LOCATION INFORMATION

In the interest of understanding the physical design and land uses of the physical location of programs for low-income entrepreneurs, the location for each program was examined to better understand the extent of poverty in the neighboring community and the type of property. The results of this scan are listed below, with each program in order as presented above.

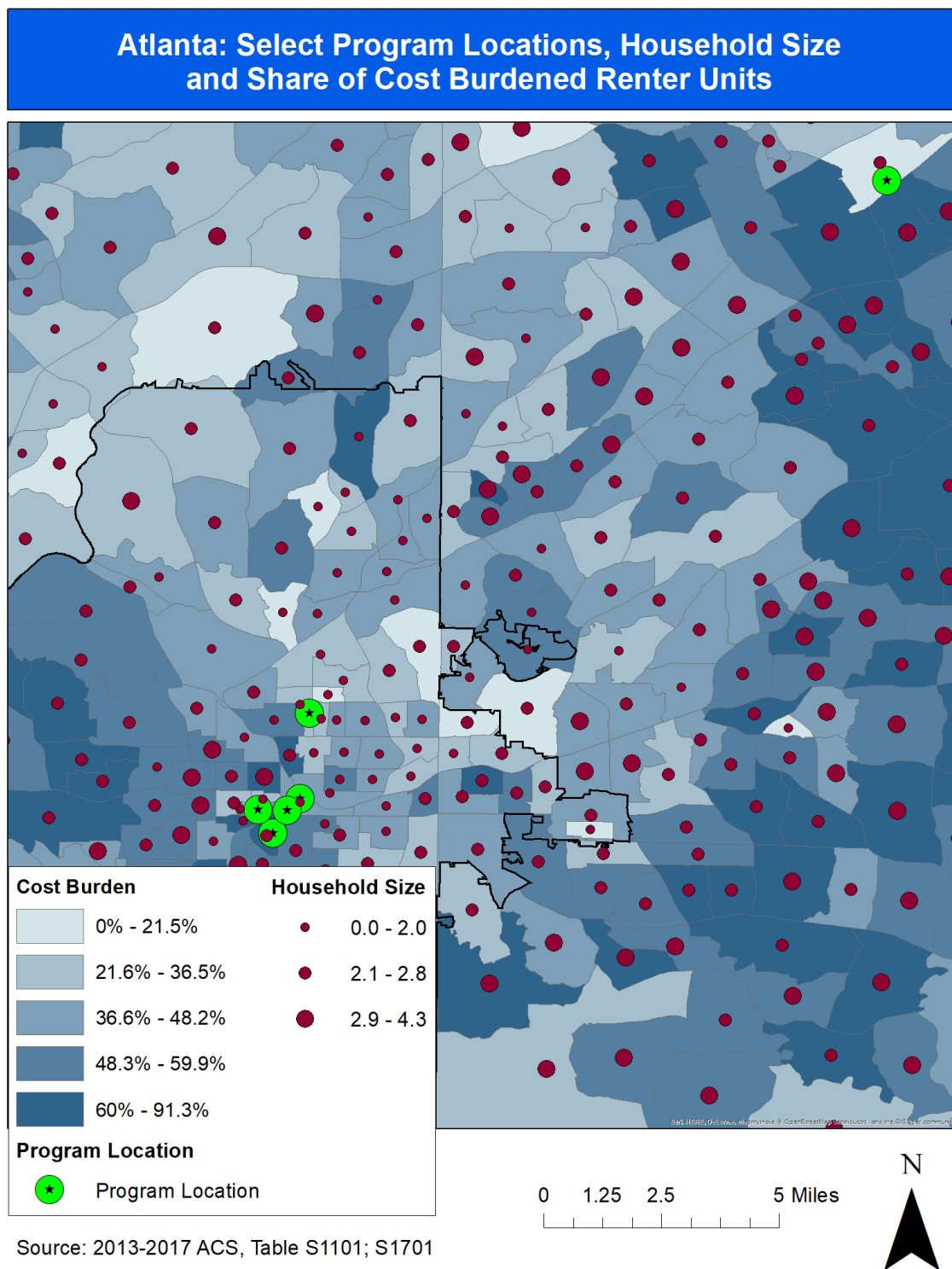
Select programs in Atlanta are located in traditional use property types, including in community centers, office towers in the central business district, and in low-rise office buildings. These programs are also located in census tracts with high overall poverty rates, ranging from 9.7% in the Atlanta suburbs (ACE Women's Business Center) to a high of 52.9% in the Center for Civic Innovation's program.

Table 6. Select programs in Atlanta, physical location, and poverty.

#	Program name	Location (Poverty %)	Property type
1	Center for Black Women's Wellness, Women's Economic Self Sufficiency Program (WESSP)	477 Windsor Street SW, Suite 309 Atlanta, GA 30312 (41.6%)	Community center
2	Ascend 2020 Atlanta	No specific location	
3	Center for Civic Innovation (https://www.civicatlanta.org/)	115 Martin Luther King Jr Drive SW Atlanta, GA 30303 (52.9%)	Downtown office
4	Urban League of Greater Atlanta	229 Peachtree St. NE Atlanta, GA 30303 (30.7%)	Downtown office
5	ACE Women's Business Center	10 College Street NW Norcross, GA 30071 (9.7%)	Community Center
6	Russell Center for Innovation & Entrepreneurship	504 Fair Street Atlanta, GA 30313 (39.9%)	2-Story Office

Source: 2013-2017 ACS, Table S1701 (poverty statistics)

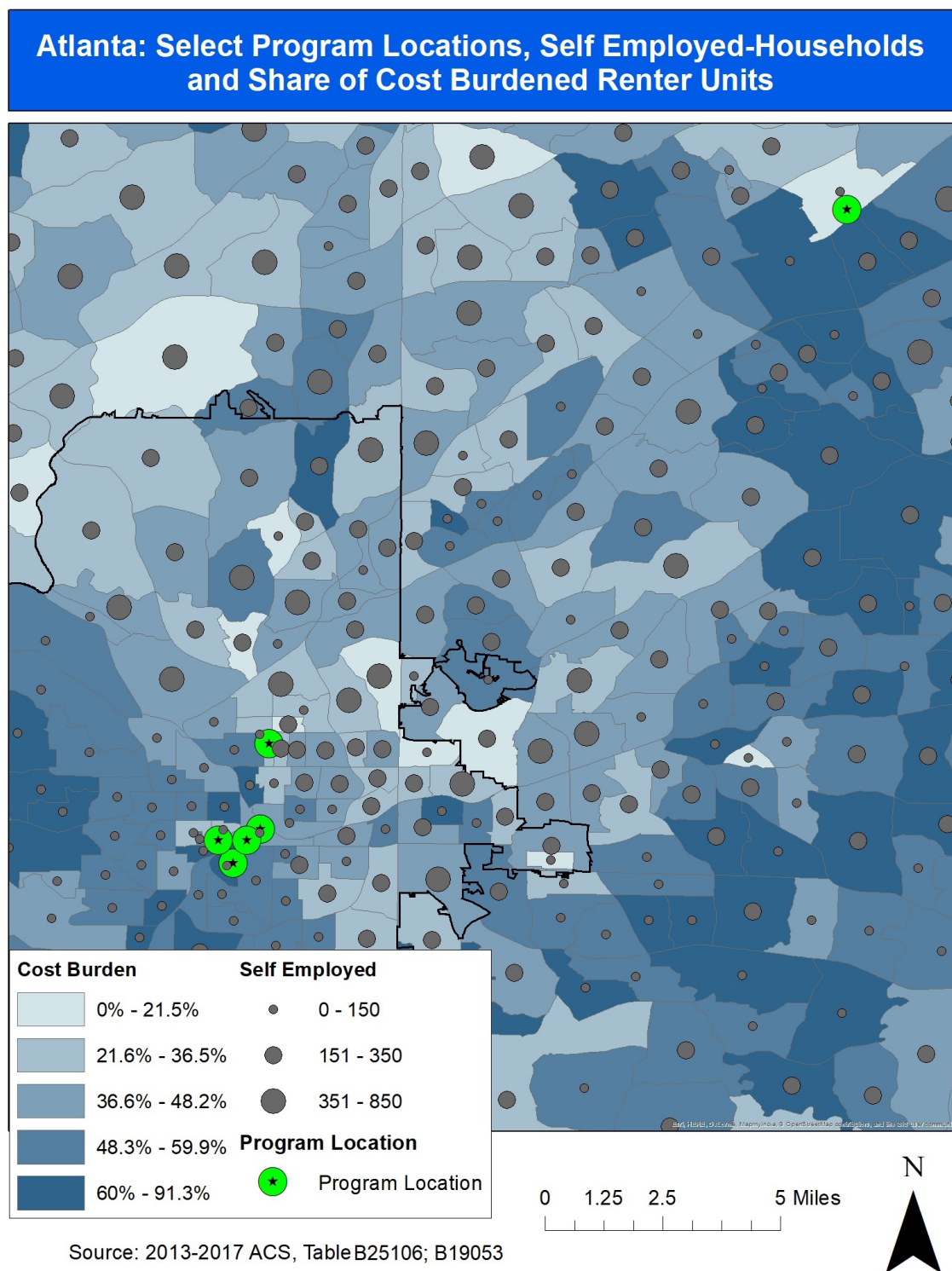
Figure 5. Select program locations in Atlanta, household size, and share of cost burdened renter units.



When looking at the spatial distribution of select programs in relation to census tract average household size and share of cost burdened rental units, programs are located in census tracts with relatively smaller household sizes and in tracts with relatively higher rates of cost burden compared to the City overall.

	Program Locations	City	Difference
Average HH Size	2.02	2.24	-0.22
Cost Burdened Rental Units as Share of Total	52.1%	47.0%	5.1

Figure 6. Select program locations in Atlanta, self-employed households, and share of cost burdened renter units.



When examining the location of selected programs and their relation to self-employed households, it is evident that programs are centered in communities with low rates of self-employment. This is certainly true for the cluster of programs located in downtown Atlanta.

	Program Locations	City	Difference
Share of Self-Employed HHs	9.4%	9.7%	-0.3
Cost Burdened Rental Units as Share of Total	52.1%	47.0%	5.1

ATLANTA HAS A GROWING ECOSYSTEM OF CO-LIVING SPACES WITH WRAPAROUND PROGRAMMING FOCUSED ON ENTREPRENEURSHIP, MINORITY-OWNED BUSINESSES, AND LOW-INCOME BUSINESS OWNERS.



COWORKING

Atlanta is home to many Coworking spaces geared to affluent clientele. Coworking spaces focused explicitly on low-income entrepreneurs and small businesses are harder to find in the City. Of the selected programs examined in this market review, only two have Coworking space built into the programming and physical space.

Table 7. Select program locations in Atlanta and Coworking or other physical space offered.

#	Program Name	Coworking or other Physical Space Offered
1	Center for Black Women's Wellness, Women's Economic Self Sufficiency Program (WESSP)	No
2	Ascend 2020 Atlanta	No ⁴⁶
3	Center for Civic Innovation	Yes
4	Urban League of Greater Atlanta	No
5	ACE Women's Business Center	No
6	Russell Center for Innovation & Entrepreneurship	Yes

CO-LIVING

Atlanta has a growing ecosystem of co-living spaces with wraparound programming focused on entrepreneurship, minority-owned businesses, and low-income business owners. These programs are evidently addressing a market gap: low-income entrepreneurs struggle to afford rent, particularly in downtown Atlanta where housing costs have increased faster than wages. Many of these programs appear to be small in scale, typically offering housing options for under 10 persons at each location and are located in properties primarily used for housing rather than commercial or industrial uses. For instance, The Guild, a small co-living program for entrepreneurs has two locations, a 5-bedroom townhouse and a historic preservation project with two suites dedicated to moderate-income professionals, four market-rate suites, and two short-term rental suites. The Guild states the short-term rental suites subsidize programming for entrepreneurs. The Guild charges at least \$1,200 per month for a moderate-income suite, and offers wraparound programming, networking, and support for low-income entrepreneurs.

Another program identified in the search was Co-Lab, which converts homes into affordable co-living spaces. The program offers all-inclusive rentals for residents earning under 50% AMI, with a programmatic focus on young entrepreneurs.

⁴⁶ Selected entrepreneurs will enjoy a 10% discount to TechSquare Labs, which includes office spaces.

MARKET PROFILE: DENVER

Our review covers four distinct programs in the Denver metropolitan area benefiting low-income and/or historically disadvantaged entrepreneurs. These programs appear highly reflective of Denver's local economy and aim to boost the ability of entrepreneurs to thrive in that economy.

Table 8. Select Programs in Denver.

#	Program Name	Program Details
1	IdeaLABs	IdeaLABs is a program of the Denver Library System, offering free makerspaces open to the community at various library locations. The Labs offer tools and resources such as 3D printers, circuit cutters, Arduino equipment (electronics), book presses, soldering irons, sewing machines and computer workstations. Tools, resources, and hours vary by location. Library cards are not needed to use the labs.
2	Rocky Mountain Microfinance Institute (Denver Foundation)	The Rocky Mountain Microfinance Institute (RMMFI) works to create economic and social mobility through entrepreneurship, helping "curious people transform into serious entrepreneurs through personal, business and financial investments" ⁴⁷ . RMMFI is an 8-year-old nonprofit organization, specifically serving low-income entrepreneurs (80% of Area Median Income or below) through providing business capital, training and mentoring. RMMFI's signature program is Re/Launch, itself a series of programs that takes business owners through idea refinement, launching (business launch boot camp), then thriving in business.
3	Mi Casa Resource Center	Mi Casa began in the 1970s as a job-training resource for Latinas. The organization has since expanded its mission to advancing economic success of families with limited opportunities, offering services and support for the whole family. ⁴⁸ Mi Casa reports that 85% of program participants are people of color, 85% are low-income and 57% are women. ⁴⁹ Mi Casa operates the Women's Business Center at its Resource Center, which provides business training courses, workshops and one-on-one consulting. Two unique programs are its ProBoBat program which connects low-income inventors with patent practitioners for patent preparation, pro bono legal services, and provides consulting on bringing ideas to market. MiCasa also operates a mobile food business accelerator called La Receta, which includes access to commercial kitchen space. Mi Casa reports \$25.9 million in revenues from businesses served by the Resource Center. ⁵⁰
4	Colorado Black Chamber of Commerce	The Colorado Black Chamber of Commerce supports entrepreneurs in various ways. The Chamber hosts a quarterly workshop called Start Smart using the SBA's Business Smart Toolkit, which provides aspiring entrepreneurs with the basic knowledge necessary to start a business. The Chamber also offers a quarterly workshop on access to capital, where attendees can learn about the various sources of financing. Additionally, members of the Chamber can attend seminars at the Denver Small Business Development Center at no charge. Further, the Chamber hosts the Black Construction Group, a special group for those in or interested in the construction industry. Finally, the Chamber is working with the University of Denver's Daniels College of Business to develop a new Entrepreneurship Development program.

⁴⁷ <http://www.rmmfi.org/> (Accessed 12/30/2018)

⁴⁸ <https://micasaresourcecenter.org/who-we-are/our-story/> (Accessed 12/30/2018)

⁴⁹ <https://micasaresourcecenter.org/who-we-are/our-impact/> (Accessed 12/30/2018)

⁵⁰ Ibid.

LOCATION INFORMATION

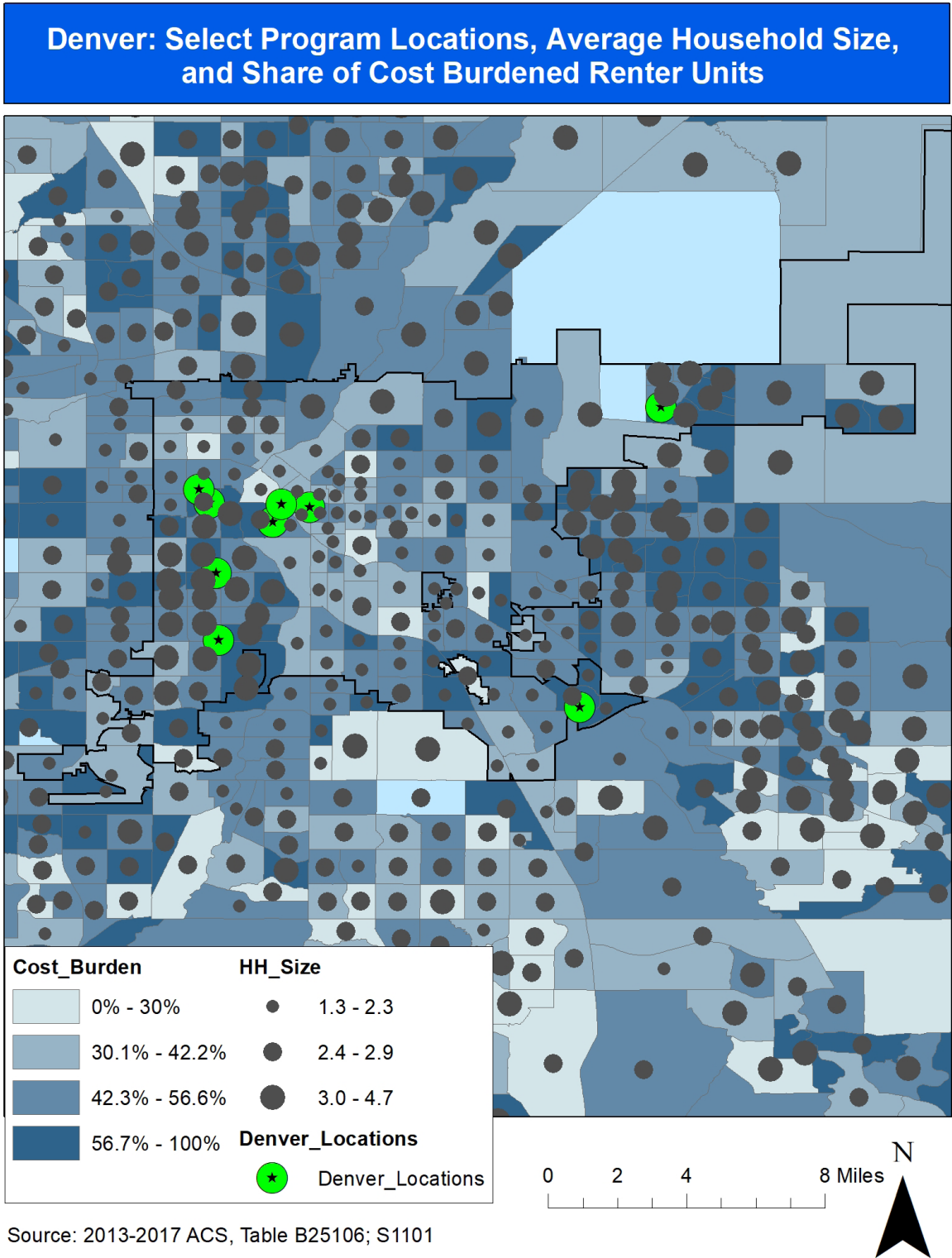
Two programs, IdeaLABS and Mi Casa, have multiple locations. Combined, the majority of program locations are in areas with significantly higher poverty rates than the city of Denver overall (15.1%). For physical space, program locations vary from inside public libraries and a school to ground-floor commercial in mixed-use buildings. Most are located in urban neighborhoods near the central business district or older suburban-style neighborhoods within the city limits.

Table 9. Select program locations in Denver, physical location, and poverty.

#	Program name	Location (Poverty %)		Property type
1	IdeaLABs	Five Locations	1890 S Grove Street Denver, CO 80219 (19.25%)	Space inside public libraries
			9775 E Gerard Avenue Denver, CO 80231 (11.69%)	
			12955 Albrook Dr. Denver, CO 80239 (23.37%)	
			1498 North Irving Street Denver, CO 80204 (45.04%)	
			10 W 14th Avenue Park- way Denver, CO 80204 (12.33%)	
2	Rocky Mountain Microf- inance Institute (Denver Foundation)		1209 W 10 th Avenue Denver, CO 80204 (45.97%)	Ground floor of a new mixed-use building that is part of a public housing redevelop- ment
3	Mi Casa Resource Center	Two Locations	345 S Grove Street Denver, CO 80219 (41.71%)	Ground floor of new mixed-use building
			1820 Lowell Blvd Denver, CO 80204 (20.39%)	School building
4	Colorado Black Cham- ber of Commerce		924 W Colfax Avenue Denver, CO 80204 (29.06%)	2-story office

Source: XXX

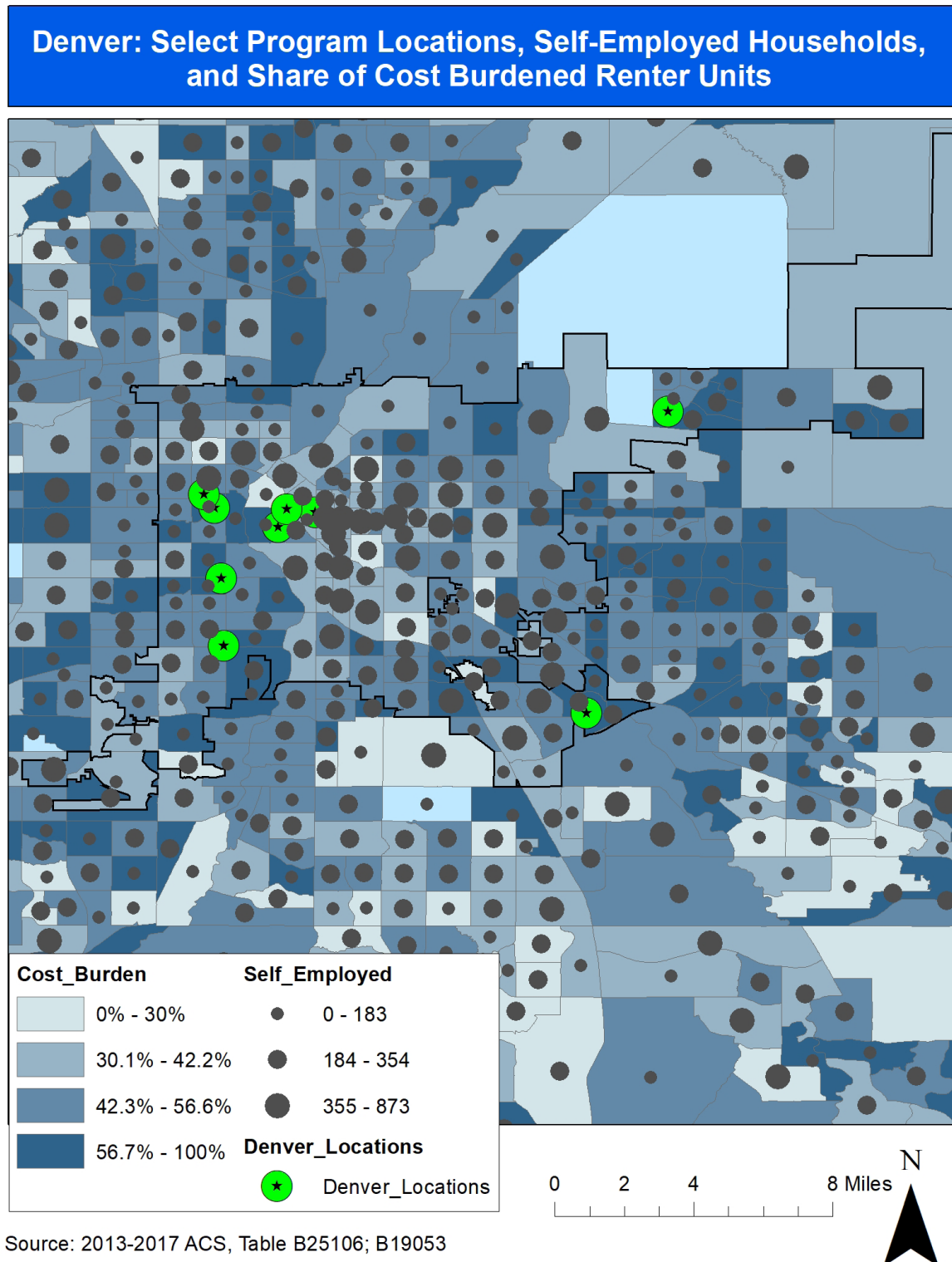
Figure 7. Select program locations in Denver, average household size, and share of cost burdened renter units.



Programs are located in areas with larger households and higher rates of renter cost burden than the city, overall.

	Program Locations	City	Difference
Average HH Size	2.56	2.31	0.25
Cost Burdened Rental Units as Share of Total	50.8%	46.5%	4.3

Figure 8. Select program locations in Denver, self-employed households, and share of cost burdened renter units.



Programs are also located in areas with lower rates of self-employment, indicative of the difficulty individuals may face if wishing to start a business (low-income and housing cost-burdened).

	Program Locations	City	Difference
Share of Self-Employed HHs	9.9%	12.5%	-2.6
Cost Burdened Rental Units as Share of Total	50.8%	46.5%	4.3

COWORKING

As in other markets, the programs and facilities highlighted offer a variety of resources to low-income entrepreneurs, chiefly access to capital, which is often cited as the primary barrier to success. However, not all offer physical space for the businesses they serve to operate. This may be a gap that needs to be filled. For example, the majority of businesses in the Rocky Mountain Microfinance Institute business directory are retail, food-based and service-oriented businesses that need or would greatly benefit from affordable, shared brick and mortar space.⁵¹

Table 10. Select program locations in Denver and Coworking or other physical space offered.

#	Program Name	Coworking or other Physical Space Offered
1	IdeaLABs	Yes
2	Rocky Mountain Microfinance Institute (Denver Foundation)	Yes
3	Mi Casa Resource Center	No
4	Colorado Black Chamber of Commerce	No

There are some affordable Coworking spaces in the market not associated with these programs that begin to fill this market need. The Commons on Champa, a facility and program for technology and innovation business, offers free Coworking space in its Innovation Lounge from 9 AM to 5 PM.⁵² Another option, Converge Denver, offers membership as low as \$75/month for a limited number of days monthly.⁵³

CO-LIVING

Our review of the market shows that co-living has not made it to Denver, or at least is not a mainstream option yet. However, that may soon change. Our review found X Denver⁵⁴, a 220-unit co-living community planned for downtown Denver, targeting millennials, and will also include Coworking space. X Denver is one of several co-living developments by developer X Social Communities⁵⁵. If other completed locations are an indication of what to expect in Denver, it is likely X Denver will not be an affordable option for low-income entrepreneurs.

AS IN OTHER MARKETS, THE DENVER PROGRAMS AND FACILITIES HIGHLIGHTED OFFER A VARIETY OF RESOURCES TO LOW-INCOME ENTREPRENEURS, CHIEFLY ACCESS TO CAPITAL, WHICH IS OFTEN CITED AS THE PRIMARY BARRIER TO SUCCESS. HOWEVER, NOT ALL OFFER PHYSICAL SPACE FOR THE BUSINESSES THEY SERVE TO OPERATE.



⁵¹ <http://www.rmmfi.org/places/> (Accessed 12/30/2018)

⁵² <https://www.thecommons.co/events/> (Accessed 12/30/2018)

⁵³ <https://www.convergedenver.com/become-a-tenant/> (Accessed 12/30/2018)

⁵⁴ <http://xliving.co/communities/x-denver/> (Accessed 12/30/2018)

⁵⁵ <http://xliving.co/> (Accessed 12/30/2018)

MARKET PROFILE: TAMPA

Similar to Atlanta, Tampa Bay has several programs to support low-income entrepreneurs. However, these programs are driven in large part through state and local government-sponsored programming. These programs do not include a subsidized housing component and can be categorized largely in the traditional business assistance and startup accelerator approach replicated across the country.

Table 11. Select programs in Tampa Bay.

#	Program Name	Program Details
1	Entrepreneur Collaborative Center (ECC)	The Entrepreneur Collaborative Center (ECC) serves as a one-stop shop for small business and entrepreneurial services in Hillsborough County. It is home to Hillsborough County Economic Development Entrepreneurial Services, a program of Florida's Small Business Development Center (SBDC) and the U.S. Small Business Administration (SBA) offering free services such as business planning, marketing tools, growth consulting, financial technical assistance, market research, and strategic planning services as well as certification programs for minority- and women-owned businesses. ECC is also home to the local chapter of SCORE, a nonprofit association providing low-cost or no-cost services to help small businesses get off the ground, grow and achieve goals through education and mentorship.
2	The Greenhouse	The Greenhouse is a partnership between the City of St. Petersburg and the St. Petersburg Area Chamber of Commerce to provide resources to entrepreneurs and small businesses. The Greenhouse provides several programs for education, training, consulting, and mentorship. The Greenhouse also administers several local incentive programs for small businesses, community redevelopment area funding
3	Tampa-Hillsborough Action Plan (THAP)	THAP is a non-profit organization that purchased and owns a 31,000 square foot former storage facility that was converted into small-format offices for low-income entrepreneurs. The program is in East Tampa, a high-poverty, minority-majority community. THAP includes wraparound services and support for entrepreneurs that sign leases in the community. The facility offers shared office space, facilities, and equipment like printers, copiers, and phone systems.
4	Tampa Bay Innovation Center (TBIC)	Part traditional Coworking space, part incubator, the TBIC is located in downtown St. Petersburg, FL. The TBIC focuses on the tech industry, with the goal of helping start and grow tech businesses in the Tampa area. TBIC offers clients access to networking opportunities, market research, service providers, local university support systems, and start-up funding. Programs are offered at a low-cost, with some free offerings, including strategy and mentoring sessions, and free co-working days for women and veterans.
5	Tampa Bay Black Business Investment Corporation (BBIC)	The BBIC is a community development financial institution (CDFI) established in 1987 to provide loans and other financial support primarily to African-American entrepreneurs. BBIC has three locations in the three major cities of the Tampa Bay area (Tampa, St. Petersburg, and Clearwater), all in low-income, majority African-American communities. In addition to several loan products, BBIC provides education and consulting to entrepreneurs and small business owners.
6	Enterprising Latinas	Enterprising Latinas, founded in 2014, aims to empower Latinas and women of all ethnicities through education, workforce training, entrepreneurship, networking, and social support. Enterprising Latinas primarily serves rural yet increasingly suburban area of southern Hillsborough County. The Wimauma Opportunity Center houses Enterprises Latinas offices, programs as well as a commercial kitchen for use by food entrepreneurs.

LOCATION INFORMATION

Selected program locations are located in high poverty census tracts compared to the metro area's poverty rate (14.6% poverty rate for the Tampa-St. Petersburg-Clearwater MSA). The lowest poverty rate is the Tampa Bay Innovation Center (18.41%), and the highest is the ECC in Tampa (45.32%).

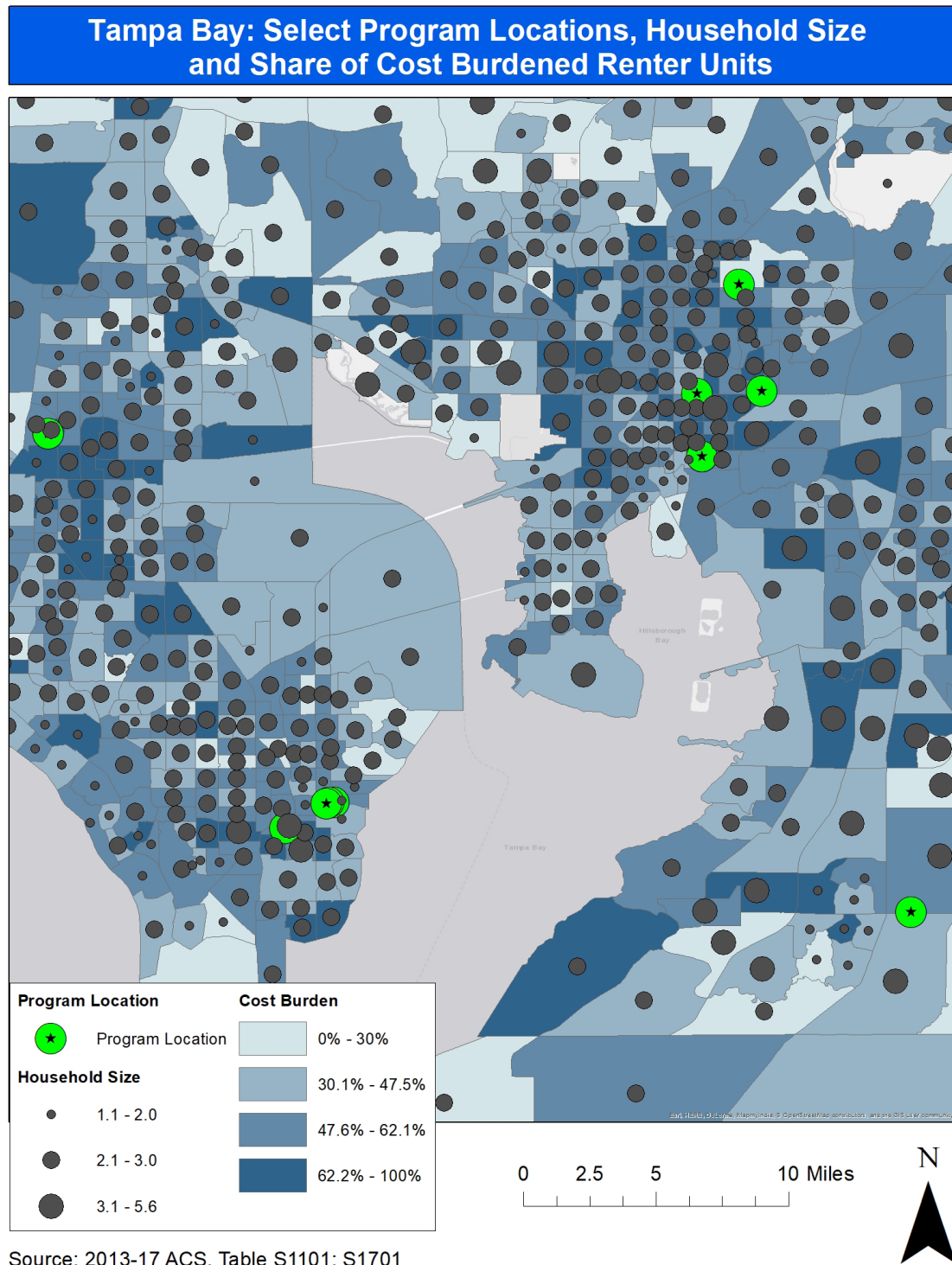
The property types housing each program are diverse across all selected programs. Some are in an office, another is located on a university campus, and the THAP program includes adaptive reuse of a personal storage business.

Table 12. Select programs in Tampa Bay, physical location, and poverty.

#	Program name	Location (Poverty %)		Property type
1	Entrepreneur Collaborative Center (ECC)	2101 East Palm Avenue Tampa, FL 33605 (45.32%)		Office
2	The Greenhouse	440 2 nd Avenue N. St. Petersburg, FL 33701 18.41%		Office
3	Tampa-Hillsborough Action Plan (THAP)	5508 North 50 th Street Tampa FL 33610 (34.62%)		Converted self-storage
4	Tampa Bay Innovation Center (TBIC)	501 1 st Avenue N Ste. 901 St. Petersburg, FL 33701 (18.41%)		Office
5	Tampa Bay Black Business Investment Corporation (BBIC) – Tampa Office	Three Locations	1920 E Hillsborough Avenue Ste. 222 Tampa, FL 33610 21.42%	Office
			1123 22 nd Street S, St. Petersburg, FL 33712 44.52%	Converted small retail strip
			900 North Martin Luther King, Jr. Avenue Clearwater, FL 33755 36.51%	Office inside community recreation center
6	Enterprising Latinas	5128 State Road 674 Wimauma, FL 33598 23.9%		Converted restaurant

Source: 2013-2017 ACS, Table S1701 (poverty statistics)

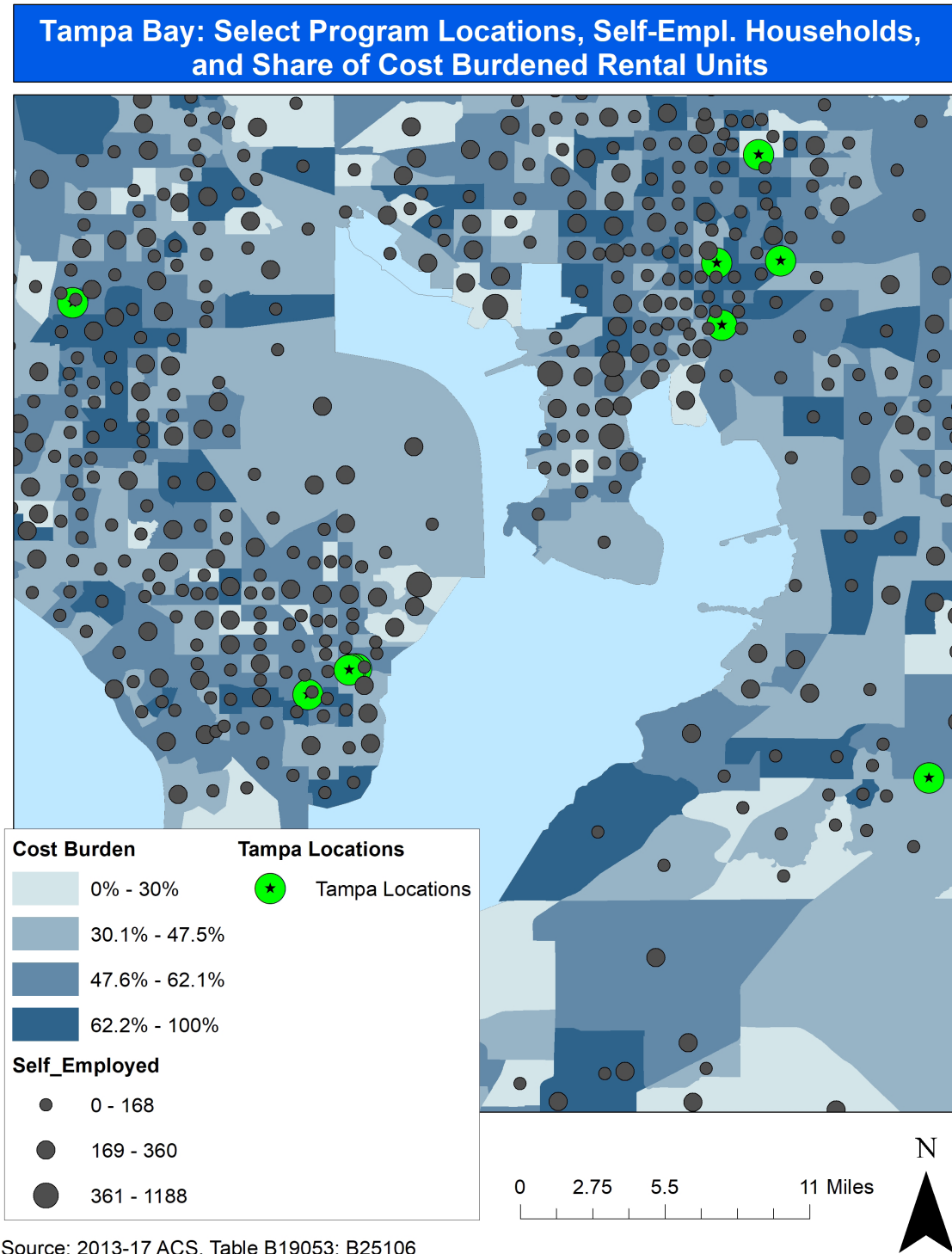
Figure 9. Select program locations in Tampa Bay, average household size, and share of cost burdened renter units.



When considering program locations relative to average household size and share of cost burdened rental units by census tract, there is no meaningful distinction between program location and household size, and each program is in a high cost burden tract but the rate of cost burden is not significantly higher than the metro area overall.

	Program Locations	MSA	Difference
Average HH Size	2.47	2.48	-0.01
Cost Burdened Rental Units as Share of Total	52.1%	51.8%	0.3

Figure 10. Select program locations in Tampa Bay, self-employed households, and share of cost burdened renter units.



For self-employed households, selected program locations are not centered in communities with particularly high rates of self-employment. The region overall does not have meaningful spatial patterns of self-employment.

	Program Locations	MSA	Difference
Share of Self-Employed HHs	7.6%	8.1%	-0.5
Cost Burdened Rental Units as Share of Total	54.6%	49.7%	4.9

COWORKING

The Tampa Bay area is home to a truly innovative program, THAP, that offers physical working space, programming for small businesses, a supportive community environment, all located in an adaptive reuse of a personal storage facility in an impoverished community in East Tampa. TBIC also offers coworking space and Enterprising Latinas, in a former restaurant space, operates a shared kitchen to support food entrepreneurs. Beyond these three, Tampa is home to many Coworking spaces, most catering to wealthier clients, including attorneys and tech entrepreneurs. Programming available to small businesses and low-income entrepreneurs is focused primarily on education, networking, and access to capital rather than physical working space.

Table 12. Select program locations in Tampa Bay and Coworking or other physical space offered.

#	Program Name	Coworking or other Physical Space Offered
1	Entrepreneur Collaborative Center (ECC)	No
2	The Greenhouse	No
3	Tampa-Hillsborough Action Plan (THAP)	Yes
4	Tampa Bay Innovation Center (TBIC)	Yes
5	Tampa Bay Black Business Investment Corporation (BBIC)	No
6	Enterprising Latinas	Yes

CO-LIVING

Similar to Denver, co-living is new to the Tampa Bay area. Docked, a St. Petersburg-based startup, recently introduced co-living to Tampa Bay. Docked currently operates two locations in converted houses near downtown St. Petersburg (close to the Greenhouse, TBIC and BBIC's St. Petersburg office), and targets young professionals and digital nomads.⁵⁶ With rents in the range of \$550 to \$750, Docked offers a truly affordable option to traditional apartments in downtown St. Petersburg, where studios rent above \$1,000 per month.⁵⁷ Also similar to Denver, X Social Communities proposes to build a 29-story tower in downtown Tampa (not far from the ECC), and would be the area's first large-scale co-living community.⁵⁸

⁵⁶ For more information on Docked locations, visit www.dockedliving.com (Accessed 12/11/2019)

⁵⁷ <https://www.fox13news.com/news/co-living-spaces-bring-lower-rents-to-downtown-st-pete> , <https://www.dockedliving.com/> (Accessed 12/11/2019)

⁵⁸ <https://www.tampabay.com/news/business/2019/10/08/29-story-apartment-tower-proposed-on-n-florida-avenue-in-downtown-tampa/>; <https://xliving.co/> (Accessed 12/11/2019)

CONCLUSIONS ON HOW TO SUPPORT LOW-INCOME ENTREPRENEURS

It is evident there is a general disconnect between supporting programming and housing cost stabilization measures for low-income entrepreneurs across all markets reviewed in this study. This disconnect has repercussions for low-income entrepreneurs and for local economies. Small businesses form the foundation of new job growth in the U.S. They employ a broad diversity of workers, from low-skilled to high, in a dizzying array of industries. Recognizing the fundamental importance of small businesses, federal, state, and local governments, foundations, and nonprofits have all focused on expanding access to capital, expertise, and support for small businesses in cities across the country. This support is often narrow in focus: business planning, funding, networking, management training, navigation of regulations, marketing, and market assessments. While these supports are absolutely necessary, the small business support system has historically neglected core components of the entrepreneur herself. An entrepreneur, particularly a lower-income one, must balance business costs with unpredictable living costs, particularly for housing in the rental market.

Any local economy would benefit from supporting increased rates of business formation, especially for high-poverty and historically undercapitalized neighborhoods. This report has identified a significant gap in support for low-income entrepreneurs: stabilization of housing costs in a supportive business development environment.



ANY LOCAL ECONOMY WOULD BENEFIT FROM SUPPORTING INCREASED RATES OF BUSINESS FORMATION, ESPECIALLY FOR HIGH-POVERTY AND HISTORICALLY UNDERCAPITALIZED NEIGHBORHOODS. THIS REPORT HAS IDENTIFIED A SIGNIFICANT GAP IN SUPPORT FOR LOW-INCOME ENTREPRENEURS: STABILIZATION OF HOUSING COSTS IN A SUPPORTIVE BUSINESS DEVELOPMENT ENVIRONMENT.

HOW TO IDENTIFY PROPERTIES FOR ADAPTIVE REUSE



IDENTIFYING PROPERTIES FOR ADAPTIVE REUSE: WHAT YOU NEED TO KNOW

DETERMINE THE AVAILABILITY OF PROPERTIES



With several big box retailers closing locations nationally, there is a large selection of vacant buildings in all kinds of communities.

NARROW DOWN THE SEARCH CRITERIA

Focusing on vacant grocery anchor space offers a useful starting point for your search.



IDENTIFY PROPERTIES

identifying properties by researching local store closures and leveraging publicly available parcel-level data are two approaches to identifying target properties in any market."



USE LOCAL KNOWLEDGE TO FIND PROPERTIES

Understanding local dynamics is still an important factor in narrowing down the list of target properties.



This section endeavors to determine the degree to which vacant commercial properties are available in low-income communities in select markets across the country using a two-pronged strategy:

1. A large grocer called Southeast Grocers is used as a representative test case for examining properties facing bankruptcy. This information helps determine the degree to which those parcels are still vacant and suitable for the type of adaptive reuse project detailed in this report.
2. A data-oriented approach using parcel-level tax assessor data and other publicly available data sets is used to determine the degree to which suitably sized parcels exist in low-income communities, and the type of property owner managing the property.

PROPERTY CRITERIA DESCRIPTION

Before describing the two identification strategies, it is important to detail the exact criteria used for identifying a suitable property for adaptive reuse as described in this guidebook. Criteria used are as follows:

1. Vacant anchor of at least 30,000 square feet
2. Located in a census tract meeting the criteria of the New Markets Tax Credit (NMTC) program
3. Appropriate zoning
4. Vacancy beyond the anchor space

Commercial properties come in many sizes and are in different neighborhood contexts. Smaller “strip shopping centers” are typically located in residential communities and have smaller tenants and spaces for them. These strip shopping centers offer retail spaces under 2,000 square feet, and often have no more than 20,000 square feet of total retail space combined. Larger commercial properties, suitable for big box chain stores like Walmart and Sears, are typically located along major commercial corridors and are distinctly separate from residential communities. These largest commercial parcels have space for retailers requiring over 50,000 square feet and can include a combined square footage in the hundreds of thousands of square feet.

Falling between these two extremes are commercial properties sized for grocery stores. These properties can

be as small as 30,000 square feet for the grocer itself, and typically includes smaller retail spaces for ancillary tenants. These neighborhood shopping plazas are often more integrated into a residential context, with lower setbacks from the street and pedestrian accessibility features not seen in the larger commercial parcels.

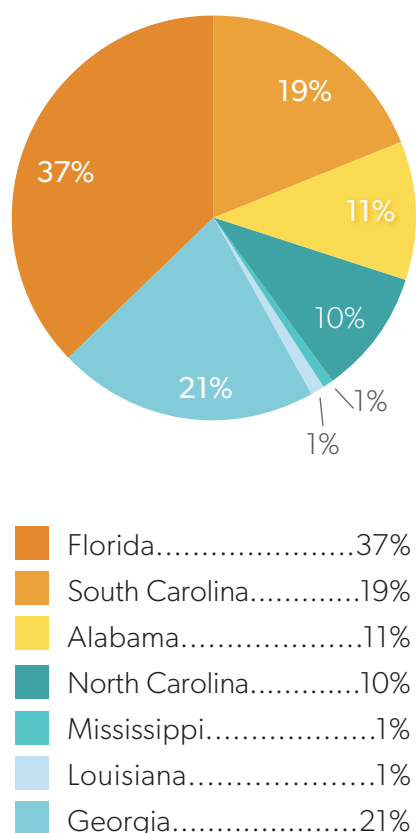
It is this last category of commercial property that is of particular interest for adaptive reuse of vacant commercial space. This is because the other categories of commercial property bear challenges from a development perspective. For the smaller commercial properties, the size of the built improvement is often so small that integrating both housing and retail into the existing box is almost impossible. On the other hand, the largest properties are often master planned parcels with distinctive architectural and layout designs that pose serious challenges to reasonable adaptive reuse of the space. Additionally, the largest parcels often include national retail chains with long-term leases.

For all of these reasons, an ideal property for the purposes of adaptive reuse as described in this Guidebook would be one between 30,000 to 100,000 square feet with a vacant grocery or other big box store.

Beyond the size of the property, an ideal candidate for adaptive reuse as modeled here is a property located in a lower-income community. For the purposes of this guidebook, we use the program requirements of the NMTC program as a proxy for a lower-income community. This criterion is based on the social mission of the Florida Housing Coalition and Fannie Mae in our collective pursuit of capitalizing low-income communities and expanding access to opportunity for low-income and under-resourced communities.

Finally, vacancy is a crucial component to the project type modeled in this report. A commercial property that is fully leased is not an ideal candidate for adaptive reuse. We assume it is only property owners with high vacancy rates — especially spaces with long-term vacancy — that would be willing to undergo the financial and time commitment required for an aggressive property repositioning as described here.

Figure 11. Share of closed stores by state, Southeast Grocers.



METHOD 1: NATIONAL BIG BOX CHAIN STORE CLOSURES

In 2019, many major brick-and-mortar retailers faced bankruptcy proceedings and property liquidation. A central question in this guidebook is how communities and neighborhood-oriented shopping plazas can absorb and react to the loss of an anchor tenant like a grocery store or other big box retailer. To develop a better understanding the characteristics of a major retailer's property portfolio undergoing a major bankruptcy process, this guidebook uses Southeast Grocers as a test case.

Southeast Grocers is headquartered in Jacksonville, Florida and was rated the 35th largest private companies by Forbes in 2018.⁵⁹ In 2018 the company reported a total of \$9.5 billion in sales. Despite the size of Southeast Grocers, on March 15, 2018, the company announced it would file a plan of reorganization under Chapter 11. By May 2018, the company's restructuring plan was confirmed by a U.S. Bankruptcy judge in Delaware. Through this turmoil, the company identified over 90 properties in the southeast U.S. for closure.⁶⁰ Figure 11 shows the share of properties identified for closure by state.

These properties vary considerably in their assessed value. According to appraiser's office data collected by the Florida Housing Coalition in March 2019, Southeast Grocer properties identified for closure range in valuation from under \$500,000 up to over \$41 million. This valuation includes both the value of land and improvements on the land. It does not include a valuation based on the property's net operating income, a key indicator for the valuation of a property from an acquisition perspective. Additionally, developers or interested parties pursuing adaptive reuse of a vacant big box may be primarily interested in the valuation of the vacant box itself rather than the entire property.

Finally, the Florida Housing Coalition conducted research to determine the vacancy status of closed Southeast Grocer properties. In total, there were 20 stores that were leased with a new tenant, and a total of 72 stores still vacant. This data indicates that these properties are not easily leased, and communities facing closure of anchor grocer tenants in shopping plazas can reasonably expect a long time between closure and a new tenant moving in. Figure 13 shows the count of closed properties by vacancy status, as determined by the Florida Housing Coalition in March 2019.

Of the 20 properties with a new tenant, most were acquired by a regional grocer called Piggly Wiggly (8 locations). Others were converted to a

⁵⁹ <https://www.forbes.com/companies/southeastern-grocer/#630badad757d>, accessed 4/9/19.

⁶⁰ <https://www.businessinsider.com/winn-dixie-store-closures-list-2018-3> accessed 4/12/19

Figure 12. Properties by assessed value, tax assessor data collected by FHC, accessed March 2019.

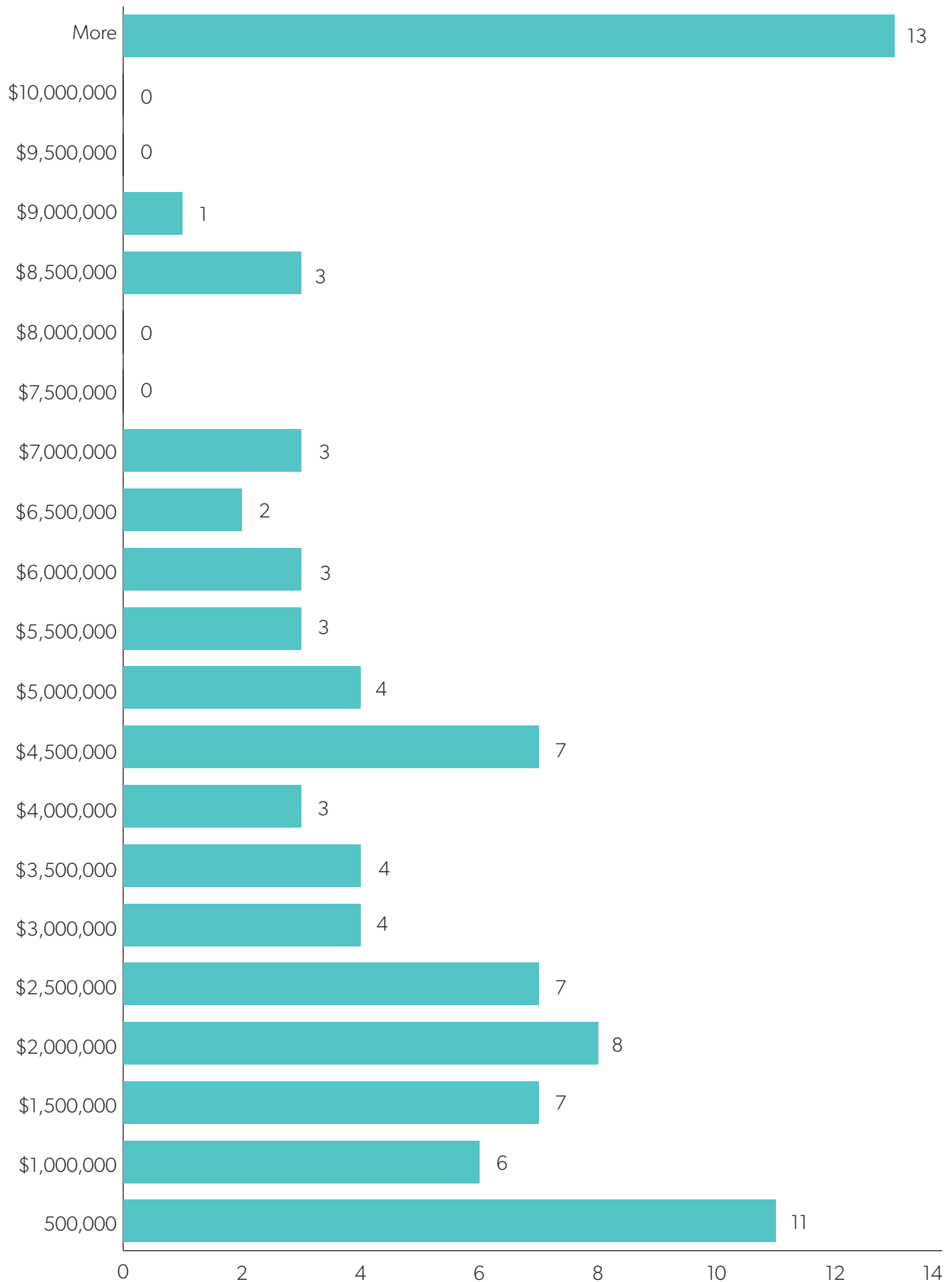
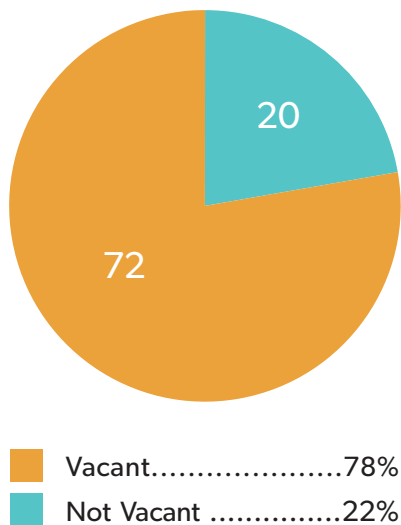


Figure 13. Count of properties by vacancy status, Southeast Grocers closed stores in Southeast US, determined by Florida Housing Coalition, March 2019.



gym facility (3) or acquired by another grocer (5). Two locations were leased by a furniture store and an auto parts store. None of the locations had undergone an intensive adaptive reuse as described in this report.

QUANTIFYING THE OPPORTUNITY

To further demonstrate the opportunities available for reusing space formerly occupied by a specific retailer in low-income communities of specific markets, we completed additional research on the closing SE Grocer brands in Florida, the area served by the Florida Housing Coalition.

We identified 34 locations in the state of Florida. As these are all vacant grocery stores, we assumed all locations contain at least 30,000 sf. Using New Markets Tax Credits (NMTC) eligibility as a proxy for low-income community, we identified 14 properties that were in low-income census tracts. With that information, we first verified that the locations were still available.

Table 13. List of Southeast Grocer closed stores in low-income communities.

Brand	Address	Available
Winn Dixie	6180 US Highway 41 North, Apollo Beach	Yes
Harvey's	2002 Southwest 34th Street, Gainesville	Yes
Harvey's	3000 Dunn Avenue, Jacksonville	Yes
Winn Dixie	9866 Baymeadows Road, Jacksonville	Yes
Winn Dixie	1347 East Vine Street, Kissimmee	No
Winn Dixie	6301 County Line Road, Miramar	Yes
Winn Dixie	4417 Northwest Blitchton Road, Ocala	Yes
Winn Dixie	8445 Southwest Highway 200, Suite 131, Ocala	Yes
Harvey's	2722 North Pine Hills Road, Orlando	No
Winn Dixie	2160 South Federal Highway, Stuart	No
Winn Dixie	3813 North Monroe Street, Tallahassee	No
Winn Dixie	1525 West Tharpe Street, Tallahassee	Yes
Winn Dixie	7015 North University Drive, Tamarac	Yes
Harvey's	2525 East Hillsborough Avenue, Tampa	Yes

Upon determining which locations were still available, we conducted research on two major issues with reusing the space: zoning and ownership. We needed to confirm that zoning was already in place for a mixed-use redevelopment with housing, therefore increasing the chances of support from the local government. We determined that most locations had zoning to support mixed-use.

Table 14. Zoning of Southeast Grocers closed stores in low-income communities

Brand	Address	Zoning allows residential
Winn Dixie	6180 US Highway 41 North, Apollo Beach	Possibly (PD zoning)
Harvey's	2002 Southwest 34th Street, Gainesville	Yes
Harvey's	3000 Dunn Avenue, Jacksonville	No
Winn Dixie	9866 Baymeadows Road, Jacksonville	Possibly (PD zoning)
Winn Dixie	6301 County Line Road, Miramar	Yes
Winn Dixie	4417 Northwest Blitchton Road, Ocala	Yes
Winn Dixie	8445 Southwest Highway 200, Suite 131, Ocala	No
Winn Dixie	1525 West Tharpe Street, Tallahassee	Yes
Winn Dixie	7015 North University Drive, Tamarac	Yes
Harvey's	2525 East Hillsborough Avenue, Tampa	Yes

We used zoning to further eliminate options, dropping those that did not already have zoning in place. We next examined characteristics of these locations in light of other criteria, such as overall vacancy of the center it is located in (a center with high vacancy may allow for acquisition of the space and/or a patient property owner willing to work through the details of redevelopment), vehicular traffic, ability to integrate with surrounding community, etc.

Table 15. Location information of select Southeast Grocers closed properties.

#	Brand	Address	Location Information
1	Harvey's	2002 Southwest 34 th St. Gainesville	High-traffic corridor near University of Florida (major employer) and main shopping district (Butler Plaza); well-served by transit; surrounded by student housing developments; potentially able to create walkability.
2	Winn Dixie	6301 County Line Rd. Miramar	Location is part of strip center with vacant land to the east of the property for additional building; well connected to residential community to the east; in-line spaces appear leased-up; on major east/west thoroughfare near US 441 (main north/south road).
3	Winn Dixie	4417 Northwest Blitchton Rd. Ocala	located in suburban location just west of I-75 (outside of the central city); not immediately adjacent to any residential areas.
4	Winn Dixie	1525 West Tharpe St. Tallahassee	Near Seminole Grande, a large student housing complex and a high school; could integrate with student housing complex and neighborhood to the north to become a walkable neighborhood center; standalone building shares parking with small, well-leased strip center; on major east-west thoroughfare.
5	Winn Dixie	7015 North University Dr. Tamarac	On a high-traffic thoroughfare near high-traffic intersection a suburban location that would require substantial work to make walkable.
6	Harvey's	2525 East Hillsborough Ave. Tampa	Recently renovated neighborhood center that is well-leased; in the center of low-income community; near potential future rail line; on major east-west thoroughfare; could be integrated with neighborhood to the west to create walkable neighborhood center.

Of the six locations above, four appear to be good prospects based on zoning and location. These are the locations in Gainesville, Miramar, Tallahassee, and Tampa. Although all are in locations with low vacancies in the surrounding retail, all are in higher-traffic areas where mixed-use redevelopment makes sense in context with the surrounding community. To determine who we should talk with about pursuing the reuse of the vacant space, whether the retail business or a different party, we researched the ownership for each of these properties.

Table 16. Ownership of select SE Grocers closed properties.

Brand	Address	Owner or Owner's Representative
Harvey's	2002 Southwest 34th Street Gainesville	Balboa Retail Partners
Winn Dixie	6301 County Line Road Miramar	New Group Management
Winn Dixie	1525 West Tharpe Street Tallahassee	Richard H. and Victoria M. Evans Revocable Trust; property managed by NAI Talcor
Harvey's	2525 East Hillsborough Avenue Tampa	Wheeler Real Estate Company

The same process was applied to a list of 2018 closures for Sears, Kmart, and Sam's Clubs throughout the state of Florida.^{61, 62} Applying the selection criteria, we assumed all locations are at least 30,000 sf. We also determined the locations in NMTC-eligible tracts with proper zoning and looked at vacancy. Here are the list of locations meeting the criteria for consideration.

Table 17. Select properties in Sears and Toys R Us closures.

Brand	Address	Owner or Owner's Representative
Kmart	12350 Southwest 8th Street Miami	Kmart Corporation
Sears	303 US Highway 301 Boulevard West Bradenton	Seritage
Sears	1050 South Babcock Street Melbourne	Seritage
Sears	733 North Highway 231 Panama City	Seritage
Toys R Us	1625 Apalachee Parkway Tallahassee	Toys R Us
Babies R Us	3908 W Hillsborough Avenue Tampa	The Sembler Company
Babies R Us	6001 Argyle Forest Boulevard Orange Park	Weingarten Realty
Babies R Us	2601 West Osceola Parkway Kissimmee	North American Development Group

⁶¹ https://searsholdings.com/docs/101518_store_closing_list.pdf accessed 4/12/19

⁶² <file:///C:/Users/bens9/Downloads/188031901005-rep-2301093552.pdf> accessed 4/12/19

OUTREACH APPROACH

The majority of locations are owned by national or regional retail property developers, as opposed to being owned by the retailer that formerly occupied the space. The exception to this is Sears, where Seritage is currently handling the disposition of most of its real estate.

While it is common for retail businesses to negotiate agreements to take over closed or closing locations of another retailer (these may be owned or leased), the much more site-specific redevelopment approach we propose is more suited for working with property owners and communities on an individual basis. Therefore, outreach to the retailers themselves may prove less useful than direct outreach to property owners, unless the retailer is the property owner.

With contact information for the owners, inquiries can be sent to property owners to begin the conversation about reusing the space. Using the steps outlined above, we were able to identify appropriate prospects within a specific geographic area for adaptive reuse from a retailers list of closing locations.

METHOD 2: SHOPPING CENTER PROPERTY OWNERS

This section details a second strategy for identifying eligible properties for adaptive reuse. This second method uses publicly available data to pull parcel-level property data in low-income census tracts. Using the generated list of parcel level data, individualized research is conducted to determine property ownership, vacancy status, and contact information for the owner/property manager of each parcel. We detail this second method so that other organizations might replicate the same approach to identifying eligible properties for adaptive reuse.

Two markets are explored in this section: the city of Denver and the city of Atlanta. These two markets were selected because they represent divergent property markets. Denver is one of the hottest real estate markets in the country, with cost inflation extending even to low-income neighborhoods. Atlanta also has a strong real estate mar-

ket, but real estate values have not increased as much in the city's lowest income communities.

PROPERTY IDENTIFICATION METHODOLOGY

As discussed earlier in this section, there are four crucial criteria for suitable properties for adaptive reuse as described in this report.

1. Commercial space above 30,000 square feet
2. Located in a census tract meeting the criteria of the New Markets Tax Credit (NMTC) program
3. Appropriate zoning
4. Vacant retail space

The following section details data sources and the process for analyzing data for each criterion.

1. **Commercial space between 30,000 and 100,000 square feet.**

Parcel-level geographic information system (GIS) data is typically made available through county tax assessor's offices across the country. For this report, GIS shapefile data was downloaded for Denver⁶³ and Atlanta.⁶⁴ For each, a field is included with data on the total square footage for the improvement on the land. This data is used to filter out properties below 30,000 square feet. Additionally, there is a field identifying the use code for the property. The use code should be used to identify commercial properties.

2. **Located in a census tract meeting the criteria of the New Markets Tax Credit (NMTC) program.**

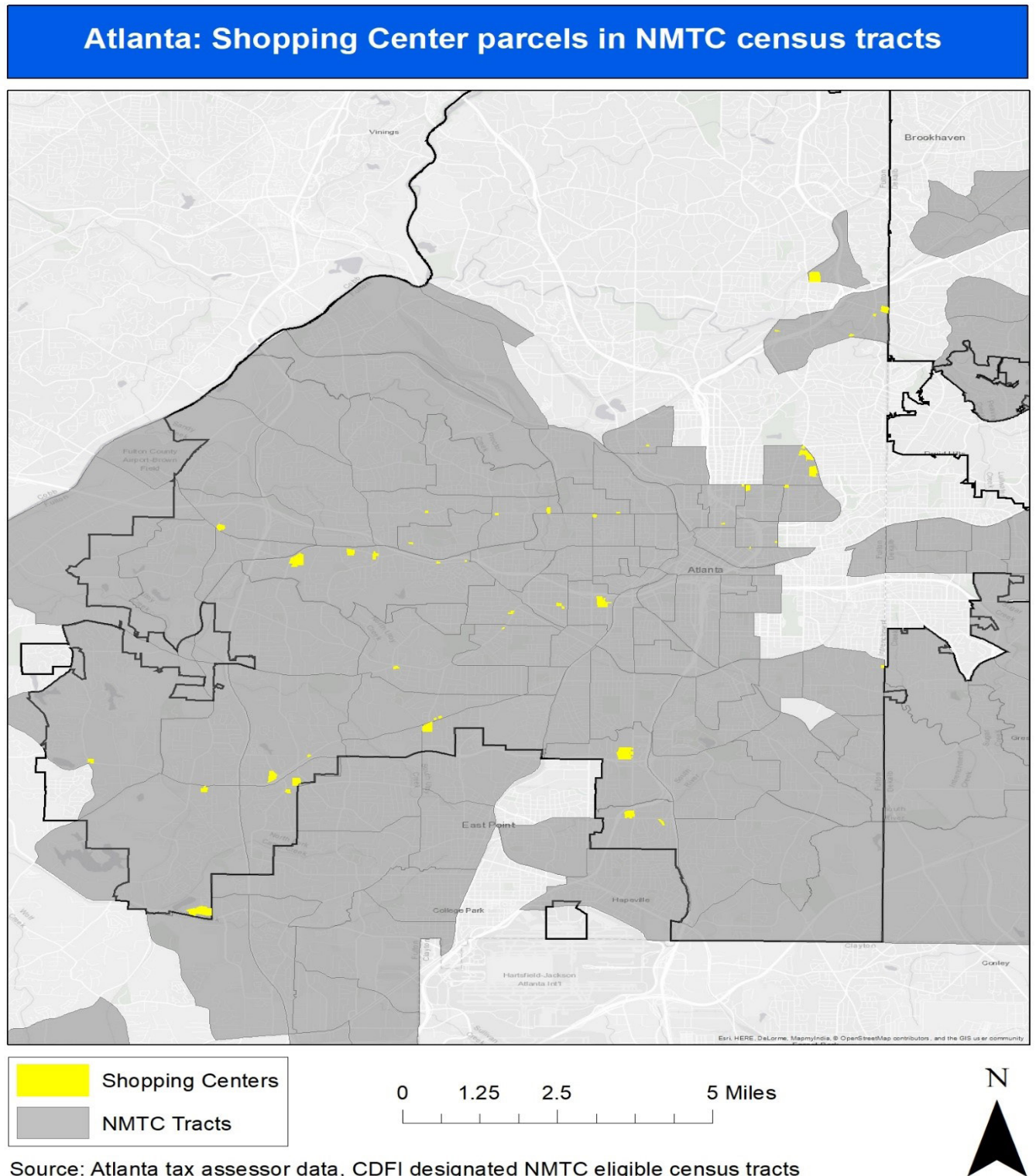
Census tracts eligible for NMTC program investment are used as a proxy for a low-income community. According to the Community Development Financial Institution (CDFI), the body governing and monitoring the program, eligibility criteria for the NMTC program include the following:

- a. the poverty rate for that tract is at least 20 percent,
- b. in the case of a tract not located within a metropolitan area, the median family income for the tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for the tract does not exceed

⁶³ <https://www.denvergov.org/opendata/dataset/city-and-county-of-denver-parcels>, accessed 4/9/19.

⁶⁴ <https://dcp-coaplangis.opendata.arcgis.com/datasets/tax-parcel-1>, accessed 4/9/19.

Figure 14. Atlanta: shopping center parcels in NMTC census tracts



80 percent of the greater of statewide median family income or the metropolitan area median family income.

Census tracts meeting the criteria for the NMTC program

are regularly updated based on new census data and posted to the CDFI website.

Using the latest designated NMTC eligible census tracts, the tracts are joined to TIGER/line census tract shapefiles

available from the Census⁶⁵ using ESRI ArcGIS. Other GIS software packages can also be used. The join is based on the census tract ID field in both the NMTC eligible tracts output and in the TIGER/line shapefile.

Finally, a “Select by Location” search query is built in ArcGIS to pull only the previously identified parcels falling within a NMTC eligible census tract. Figure 8 below shows an example output of this step in the exercise for the City of Atlanta.

3. Vacant retail space.

Using the list of parcels generated in steps 1 and 2, individualized research is conducted to determine the property owner of each parcel. This is likely to be the most challenging and time-consuming step in the process. While tax assessor data will almost always list the legal owner of the property, data readily available in this manner is often misleading. The property owner, particularly with respect to commercial properties, are often listed as limited liability companies, trusts, or other legal entities created as part of the real estate transaction.

To determine the actual property owner, internet research is conducted. Effective means of determining property ownership is searching for the address and including the word “leasing”, using Google Street

View to view a leasing agent sign, or identifying a dominant regional property owner and searching for properties available for lease or purchase.

Once the property owner has been identified, the next step is to either reach out to the leasing agent directly, or view space availability from the property owner’s website. Valuable information that should be collected from the property owner includes leasing rates by square footage, square footage available for lease, and the type of business the property owner is willing to accept in the property.

4. Appropriate zoning.

Finally, once properties with vacancy have been identified, it is important to review the existing municipality’s zoning code to determine the degree to which the property is appropriately zoned for an adaptive reuse project. While this final criterion should not necessarily eliminate properties, it will indicate the degree to which adaptive development can be conducted on the property by-right. If the property’s zoning is not sufficiently flexible (a likely result), extensive outreach and discussion with the governing municipality will be necessary.

⁶⁵ <https://www.census.gov/geographies/mapping-files/time-series/geo/tiger-line-file.html>, accessed 4/9/19.



IF THE PROPERTY’S ZONING IS NOT SUFFICIENTLY FLEXIBLE (A LIKELY RESULT), EXTENSIVE OUTREACH AND DISCUSSION WITH THE GOVERNING MUNICIPALITY WILL BE NECESSARY.

CONCLUSION AS TO THE AVAILABILITY OF THESE PROPERTIES

Using the methodology described above, a list of properties was identified in both Atlanta and Denver. The results are below.

Table 18. Identified properties in Denver and Atlanta.

Market	Owner	Area	Vacancy	Notes
Denver	AHEPA	33,000	No	Hobby Lobby
Denver	Commercial Net Lease Realty, Inc.	45,991	No	Major chains, Best Buy, Ross, etc.
Denver	SCZ WEST LLC	47,872	No	Contractor's Supply Inc
Denver	Undetermined	49,180	No	Safeway
Denver	UPSC LLC	52,259	No	High end shopping plaza, Natural grocers
Denver	Safeway Inc.	53,768	No	Safeway, adjacent to University of Denver
Denver	KSFS CENTER LLC	53,795	No	King Soopers
Denver	Undetermined	54,820	No	High end shopping
Denver	Speer	57,087	No	King Soopers
Denver	Walmart Trust	57,559	No	Walmart
Denver	Denver Design Center	62,249	No	Denver Design Center West
Denver	NF Federal LLC	65,893	No	Lowe's Mercado
Denver	Denver Design Center	97,210	No	Denver Design Center West
Denver	Cedar Holdings	97,721	No	Walmart
Denver	Home Depot	106,615	No	Home Depot
Denver	BMP South	115,288	No	Sam's Club
Denver	Costco Wholesale Corporation	120,448	No	Costco
Denver	Denver Design Center	178,250	No	Denver Design Center West
Atlanta	Halpern Enterprise, Inc (property manager)	37,500	Yes	Dollar tree; approximately 23,000sf available
Atlanta	Weingarten Realty	72,736	Yes	Publix; urgent care; High end shopping plaza; 1727sf vacant
Atlanta	Undetermined	85,995	No	High end shopping plaza; national retailers including Wholefoods; major redevelopment
Atlanta	Airport Minimall LLC	88,642	Yes	Massive vacancy; legal proceedings related to Airport Mini Mall LLC
Atlanta	Lansky Enterprises, Inc.	99,531	Yes	Low end shopping plaza; Cash America pawn, Maxway
Atlanta	HT Group LLC	110,200	Yes	Large shopping plaza; adjacent multifamily
Atlanta	Undetermined	121,440	Yes	Flea market rents booths to "entrepreneurs"
Atlanta	The Shopping Center Group	126,620	Yes	Large shopping plaza; Kroger grocery; 27,856 sf available
Atlanta	Inventrust Properties	156,751	No	National chains
Atlanta	Weingarten Realty	205,014	Yes	Large shopping plaza; National retailers; 1727 sf vacancy

Denver has a greater number of larger parcels in NMTC eligible census tracts compared to Atlanta, but not a single property in Denver has significant vacancy at the time research was conducted for this report. On the other hand, Atlanta has a smaller list of parcels meeting this report's criteria with most properties having some vacancy. In a handful of the Atlanta properties, there is sufficient vacancy for a property owner to be interested in selling the property or undergoing a major adaptive reuse project.

IDENTIFYING THE SITE FOR RESEARCH AND DESIGN

The best way to learn lessons related to deploying a solution like adaptive reuse in vacant commercial space is to apply the concept in a real-world environment. To that end, the Florida Housing Coalition is pursuing development of a vacant commercial property in St. Petersburg, FL into affordable housing and retail and incubator space for low-income entrepreneurs. To identify a site, the Florida Housing Coalition began by identifying vacant big box retail locations in the southern part of the city where the majority of the city's low-income population resides. The initial search yielded several potential options, which were:

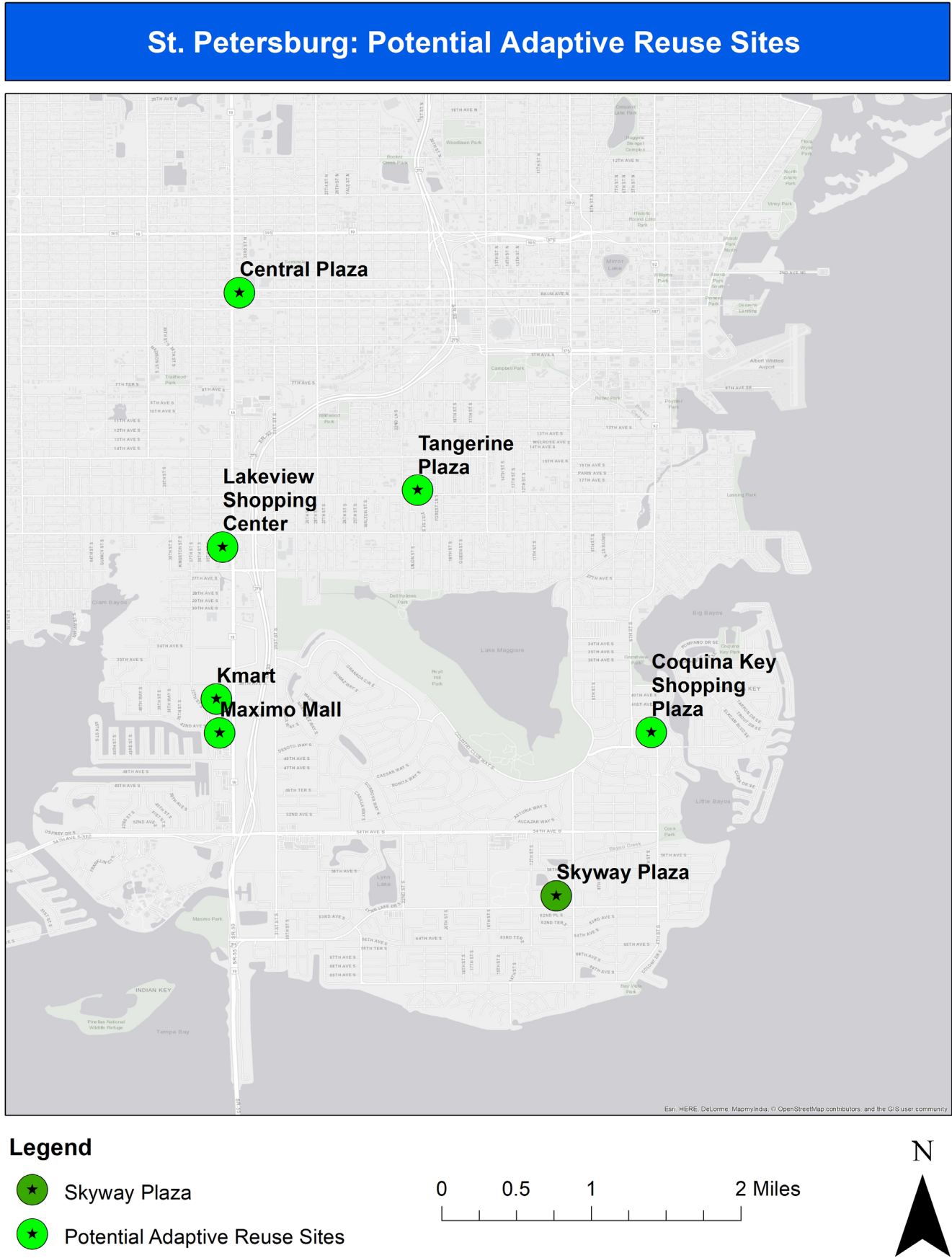
Table 19

Center Name	Address	Owner/Manager	Description of Vacant Space
Central Plaza	3365 Central Avenue	Saglo (regional, privately held)	Former big box retail space (last use as Goodwill location)
Lakeview Shopping Center	2333 34th Street S	RMC (regional, privately held)	Former grocery anchor space
Tangerine Plaza	1794 22nd Street S	City of St. Petersburg/Sembler (Local public-private partnership)	Former grocery anchor space
Kmart	3951 34th Street S	Kmart (publicly traded)	Stand-alone big box retail
Maximo Mall	4301 34th Street S	Maximo Plaza Inc. (privately held)	Former indoor mall with department store outlet and movie theatre
Coquina Key Shopping Plaza	4350 6th Street S	P F Numismatic LLC/Retail Solutions Advisors (privately held)	Subdivided former anchor grocery space and inline retail space
Skyway Plaza	1016 62nd Avenue S	Brixmor (large, national, real estate investment trust)	Former grocery anchor space and inline retail space

These centers are mapped on the next page.



Figure 15



Of this selection of sites, the Florida Housing Coalition chose Skyway Plaza as the subject property for this research and design. The other sites were not chosen for the following reasons:

- Central Plaza – the property owner did not indicate interest
- Lakeview Shopping Center – although vacant, the space was leased to a prominent nonprofit who has since completed a significant remodeling of the space, generating new activity for this center
- Tangerine Plaza – desiring to find a location where a pilot development was possible, this location was ruled out as an RFP was previously issued and proposals were under review
- Kmart – the property was under contract for purchase by an apartment developer
- Maximo Mall – information from several sources indicated the property owner’s intent to proceed with a more substantial redevelopment of the property that would likely call for demolition of the existing buildings
- Coquina Key Shopping Plaza – although significant vacancy, the former grocery anchor space had been subdivided and a portion leased to a small-format grocer

The selected subject site, Skyway Plaza, is emblematic of vacant commercial space in a neighborhood-oriented shopping plaza. It is the site of a former Sweetbay grocery store, a former Florida-based grocery store chain subsequently purchased by BI-LO and Southeast Grocers. The store has been vacant for years, and despite the best efforts of the current property owner (Brixmor) and the variety of neighborhood associations and committed private residents in the community, no new tenant has been identified to date.

There are a number of challenges present in the site that have resulted in vacancy and inability for the property owner to secure an anchor tenant. First, the property is located in a low-income, NMTC-eligible census tract in a part of St. Petersburg, FL with high concentrations of historically marginalized populations. Second, from a retail perspective, the site is at the southern tip of a peninsula

which limits the number of households in a radius around the site. This limitation effectively turns away major retail tenants that might be interested in filling the space. Finally, the former grocery store space is 46,800 square feet – a large space requiring a major anchor tenant to lease and fill the space. Given these challenges, the Florida Housing Coalition views the site as a perfect test case for adaptive reuse.

CONCLUSIONS ON THE EFFECTIVENESS OR PREFERENCE FOR AN APPROACH

There is significant availability of commercial properties eligible for transformative adaptive reuse in markets throughout the nation. Long-term trends show that retailers are shrinking their square footage requirements, leaving the largest parcels struggling to identify strong anchor tenants. This reality forces communities, municipalities, and property owners searching for creative solutions to the problem. Adaptive reuse to include housing is a strong candidate as a scalable solution.

Engagement with property owners is an essential first step in the process of adaptive reuse. While retail tenants, including major national retailers like Southeast Grocers and others, might at first glance appear to be the primary point of contact to start a project, those retailers often do not hold title to the property. It should be noted that even B and C-class properties are owned by major real estate investment trusts and other large property owners with sizable portfolios.

A final note on the dynamics between economic conditions and availability of properties is in order. At the time of this report’s publication, the U.S. economy has maintained a strong and sustained economic environment. It is worth anticipating necessary steps for scaling and strategic deployment of the adaptive reuse model in a recessionary environment.

HOW TO PREPARE FOR ADAPTIVE REUSE

PREPARING FOR ADAPTIVE REUSE: WHAT YOU NEED TO KNOW

UNIQUE CHALLENGES



Adaptive reuse projects present unique challenges in public engagement, design, financing, development, programming, and property management.

DEVELOPMENT + FINANCING CHALLENGES

An adaptive reuse project sponsor should expect to prepare for development and financing challenges, including: purchasing or leasing a property, identifying an experienced developer, and identifying nontraditional financing sources.



MANAGEMENT + PROGRAMMING CHALLENGES



Project sponsors should prepare for management and programming challenges, including: identifying an effective property manager, building political and community support, and designing a lease structure that works for tenants and property owners.



CONTRIBUTING EXPERTS

To understand the perspective of commercial property owners, developers, and financial institutions on adaptive reuse, the Coalition conducted outreach to stakeholders with a perspective on adaptive reuse projects. The objective of these conversations was to determine attitudes on adaptive reuse - particularly reuse of vacant commercial space to include housing – and identify barriers or challenges to widespread adoption. Experts consulted by the Coalition include:

Table 20

Organization	Industry Type
Brixmor	Real estate investment trust (REIT)
Forge Capital Partners	Developer/Investor/Property management
Crossman & Company	Commercial real estate broker
InvenTrust	Property management
The Shopping Center Group (TSCG)	Commercial real estate broker
Weingarten Realty	Real estate investment trust (REIT)
Ackerman & Co.	Commercial real estate broker
Halpern Enterprises	Leasing, management, development
RMC	Developer
Southeast Grocers	Grocer
Seritage	Property owner
Beau Beery	Commercial real estate broker
Raider Hill Advisors	Toys R Us dispensation
International Council of Shopping Centers (ICSC)	Trade group
Florida Community Loan Fund	Community Development Financial Institution (CDFI)

BASED ON THESE CONVERSATIONS, THIS SECTION IDENTIFIES POTENTIAL CHALLENGES UNDER TWO MAJOR CATEGORIES: DEVELOPMENT AND FINANCING + MANAGEMENT AND PROGRAMMING

DEVELOPMENT AND FINANCING CHALLENGES

Should you purchase or lease the subject property?

One key consideration is choosing between purchasing the entire property or leasing the improved space. Depending on availability of capital for acquisition and the willingness of the property owner, acquisition may not be a feasible option. Any adaptive reuse project sponsor should decide whether acquisition is possible, and whether the entire property should be acquired or only a portion.

The purchase option makes it more likely that the project could be financed with community development financing or affordable housing funding sources, including programs like the New Markets Tax Credit (NMTC) and the Low Income Housing Tax Credit (LIHTC), and gives the development team more control of operations and greater flexibility to experiment with

alternative approaches that provide greater benefit to low-income persons. This option requires significant knowledge and experience of running shopping centers in terms of development and ultimately property management.

Under a leasing option, the subject property would be improved according to a final project design and the operator of the project leases from the property owner. The greatest drawback to the leasing option is that it poses challenge to utilizing important financing tools from the community development toolbox.

Who will develop the project?

Adaptive reuse projects require a developer with a combination of skills and experience that can be difficult to find. If possible, a project sponsor should dedicate considerable effort to identifying a high capacity developer,

ideally one with experience in developing mixed use and substantial rehabilitation projects.

Identifying a developer that meets these criteria can be a challenge. The project might be too small to attract the attention of many for-profit low-income housing developers, especially if LIHTC are not utilized. Traditional shopping center developers, on the other hand, may not be comfortable with including an affordable housing component to a mixed-use project. There are, to be sure, many examples of retail and rental housing being combined into remodeled shopping centers, but securing an experienced developer with both housing and retail development experience can be a challenge.

Because financing sources evaluate the strength of the development team as part of underwriting, selecting the right developer is important to obtaining financing and the ultimate success of the project. Finding the development expertise to move a project to completion will likely require an initial investment in a consultant that can provide guidance and assist in identification of the best developer or development options for a project.

Keep the structure or build new?

From a financial perspective, it may not be sensible to reuse an existing box. Project sponsors should conduct a cost-benefit analysis of substantial rehabilitation versus new construction based on the condition of the property and other building code standards applicable to the local community.

Multiple stakeholders raised concerns that the physical infrastructure for a grocery store, or a large format retailer like Walmart, is typically not built to habitation standards. Depending on construction standards in the local community, walls may be built using materials with insufficient structural integrity for residential space. Additionally, large commercial spaces are not built with proper plumbing or heating/venting or air conditioning for multiple units. The roof may also require significant reinforcing to make the structure safe for 24-hour activity.

Depending on the condition of the property, land value may constitute a significant share of the property's valuation. Thus, from an acquisition perspective, a developer purchasing the property would pay primarily for the land and would not realize significant cost efficiencies by keeping the structure.

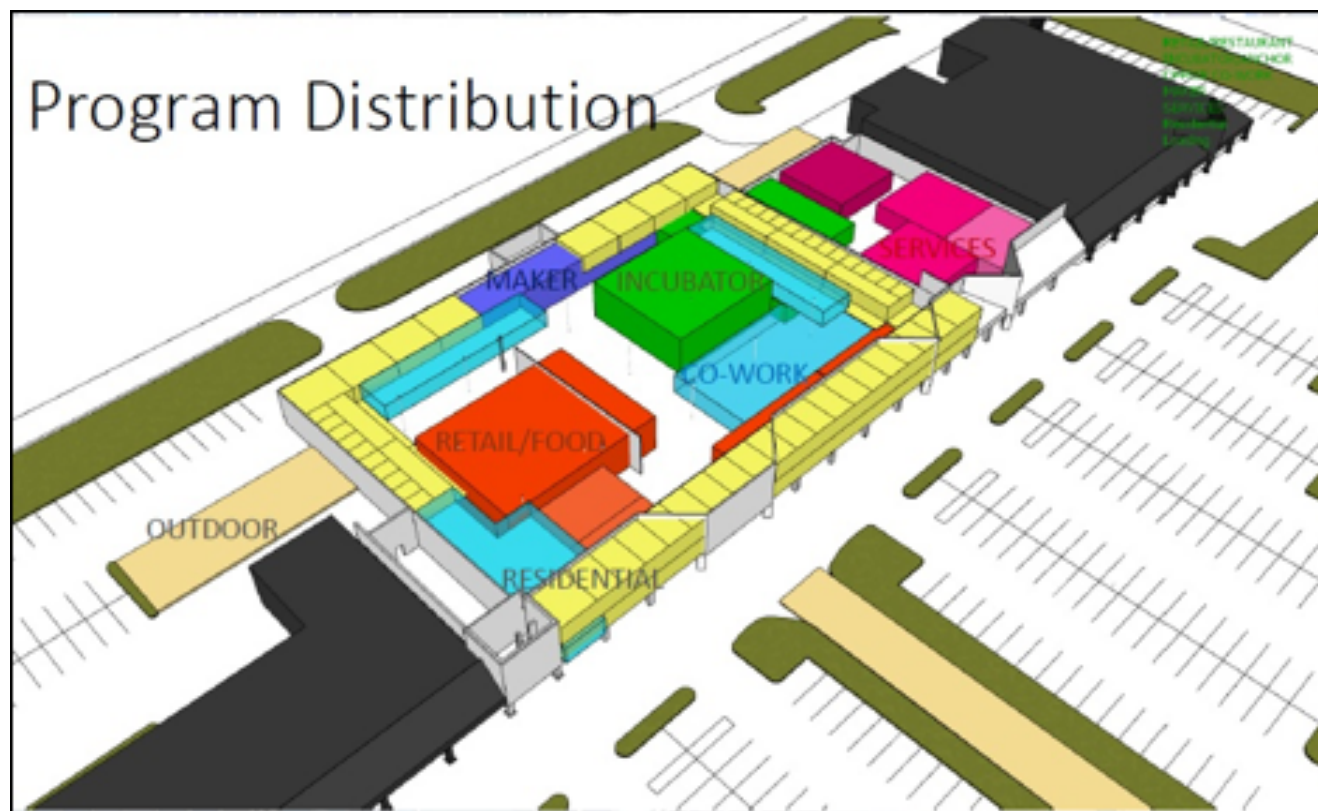
The most successful adaptive reuse projects often modify old industrial spaces with intrinsic aesthetic or historic value. Commercial properties vacated by a big box retailer are not likely to hold intrinsic value. These properties are built to minimize development costs and be as flexible within the space as possible. These structures are essentially a roof with four walls and may require significant investment in development to create attractive architectural elements to make the space appealing to residents and patrons.

CONSTRUCTION COMPLEXITY

In addition to financing complexity, there are relatively few developers with experience in developing both affordable housing and retail space in a mixed-use project as described in this report. When one layers adaptive reuse of existing big box infrastructure it becomes even harder to identify an experienced developer. Working with an experienced developer is important because these projects can be highly challenging from an engineering and project management perspective. Depending on a project's specifications, new floors may need to be added, windows cut out, functional spaces must be integrated into the interior space, facilities and infrastructure must be made accessible to a variety of uses, and sufficient natural light should be incorporated into the space, all while meeting building codes and pertinent local regulations. These requirements force substantial complexity to the development and construction process.

Take the adaptive reuse project modeled in the figure below. In this example, an old grocery store is converted to a mix of restaurant, retail, residential, incubator, and service uses all within the existing box. Construction must be managed appropriately to accommodate each use and strategic decisions must be made to ensure each use is functional in isolation while complementing other uses in the same space.

Figure 16. Example adaptive reuse and development complexity.



Does the zoning and land use work?

Land use and zoning regulations at the local level are an undisputed barrier to widespread adoption of adaptive reuse of vacant commercial space. Despite significant shifts in zoning code flexibility across the country, many local governments still restrict areas to a single type of use. Of particular concern are parking requirements, density requirements, height and use restrictions, roof-line and slope requirements, setback requirements, and building design requirements.

Recognizing the importance of adaptive reuse in preserving community character and economic vitality, and how issues of building and zoning can hinder reuse progress, several municipalities are utilizing land development regulations and other mechanisms to facilitate and incentivize adaptive reuse. Consider the following two examples:

- The City of Los Angeles employs adaptive reuse ordinances for downtown, select

neighborhoods near downtown, and in zoning districts city-wide. The incentives in the ordinances apply to buildings built prior to January 1, 1974. The qualify, a project must also involve the reuse of a non-residential structure for residences, guest rooms or live-work units in some portion or all of the building. The City sees the program as a way to expand housing options for the growing population.⁶⁶

- The City of Phoenix provides up to \$7,000 in financial incentives towards plan reviews and permitting fees, and other additional assistance for adaptive reuse. Buildings built up through 2000 are eligible.⁶⁷

Taking all of the zoning considerations in mind, it is crucial that any developer or organization pursuing adaptive reuse of vacant commercial space work closely with the governing municipality. While most cities do not employ ordinances or policies to encourage or better facilitate adaptive reuse, an open, frank, and honest dialogue

⁶⁶ <http://ladbs.org/services/core-services/plan-check-permit/plan-check-permit-special-assistance/adaptive-reuse-projects> accessed 4/11/2019

⁶⁷ <https://www.phoenix.gov/pdd/services/permitservices/arp> accessed 4/11/2019

about the project from the beginning is the best approach in all cases.

How will the project be financed?

The real estate industry is highly specialized. A project including both housing and retail components may require a complex blend of subsidies, debt, and equity. Financing a project of this kind requires sufficient due diligence and collateral to attract the kind of investment that is necessary. Financing is particularly troublesome if the site is not owned by the development team. While some equity programs (like NMTC) could theoretically work through a lease-hold arrangement, financing a project without site control adds a layer of complexity.

Given the complexity of financing a mixed-use project involving affordable housing, it may be necessary to split the uses (retail and housing) and finance and construct each separately. Doing so eliminates complexity and risk for funders but adds complexity for the development team.

For more detailed information on financing an adaptive reuse project, including considerations for tapping into community development and affordable housing funding sources, refer to the “How to Finance a Site” section later in this Guidebook.

MANAGEMENT AND PROGRAMMING

Who will manage the project?

Financing sources want a level of comfort with the eventual entity that will manage the project. They will evaluate the experience of the manager / operator with affordable rental housing and retail/office space. It is possible that a project’s developer could also manage the project after completion, or a developer might choose to contract with a property management firm.

Can the project garner political and community support?

Local government must support an adaptive reuse projects at a regulatory level and ideally from a financial perspective through such measures as reduced fees and taxes or offering subordinate debt and other direct subsidies for construction and operations. Additionally, support of law enforcement helps create the level of security

needed to attract businesses and residents if crime, or the perception of it, has served to deter consumer traffic.

Support from residents in the neighborhood around the center is also critical to success, especially if an adaptive reuse project will increase residential density. The new development should address resident needs and desires, which will help allay hesitations about the more intense use of the space. For best results in engaging with the community, a mission-based project sponsor such as a non-profit or community development corporation should serve as a champion for the mission and vision of the project.

How will programming and leasing be handled?

Any investor, lender, or source of subsidy will be interested in understanding potential revenue and security of investments. If there are multiple tenants within a reused space, it may be difficult to provide sufficient reassurance that a project is financially viable and a strong investment. Beyond simple financial complexity, a social outcomes-oriented organization pursuing adaptive reuse may be inclined to include nonprofit and community-based organizations within the new space. These organizations should be selected carefully to maximize long-term financial security of the property.

In pursuing future tenants for an adaptive reuse site, especially for a big box space of considerable size, it is important to identify and secure participation from a credit-worthy “anchor” tenant. This need for a financially strong tenant suggests partnering with a government or educational institution to sign a lease may be a successful approach.

Managing leaseholder expectations in a shopping center also presents challenges. In order to adaptively reuse a vacant grocery store, for instance, a property owner may need to relocate existing tenants during construction. This would cause significant business disruption for tenants. In addition, leasing arrangements may identify a set number of parking spaces for each tenant. During construction and certainly once housing and retail is brought into a space those parking requirements would be impacted and may require renegotiation. There may also be tenants with incompatible businesses for a housing environment.

HOW TO DESIGN THE SITE

DESIGNING A SITE FOR ADAPTIVE REUSE: WHAT YOU NEED TO KNOW

CONSIDERABLE FLEXIBILITY



There is considerable flexibility in the design options for adaptive reuse projects, from reuse of anchor space in a mall to a vacant grocery store.

ENGAGE WITH RESIDENTS

Engaging with neighborhood associations and resident leadership is critical to winning support, especially if the project will result in increased residential density.

DESIGN FOR A RANGE OF USES

For mixed use projects, the project design should create flexible commercial/retail space to support a wide range of possible uses and tenants.

DESIGN TO MEET LOCAL NEED

Design to support the local context by incorporating local architectural themes or designing space that meets the needs of a key local stakeholder/tenant.



WE DESIGNED A PILOT

There is immense potential for creative and catalytic design for adaptive reuse projects. From vacant anchor space in malls to a total reimagining of an old grocery store, adaptive reuse projects can serve to fundamentally transform an old parcel into a new use. The actual design for any adaptive reuse project depends on financing, land use, programming, and property management considerations on a project-by-project basis. This section uses the Sunshine Skyway Plaza in south St. Petersburg as a case study for designing a vacant grocery store for adaptive reuse and models an approach to best understanding the local context, engaging with a local community in a charette process, and how the design should reflect that research.



SKYWAY PLAZA: REVIEW OF CONTEXT

Immediate Site Adjacencies

Skyway Plaza is located at the intersection of 62nd Avenue South and Dr. Martin Luther King Street South in St. Petersburg, FL. The plaza is in the Greater Pinellas Point neighborhood and serves two others: Lakewood Estates to the north and Bahama Shores to the east. Altogether, Skyway serves more than 8,000 households. These neighborhoods are mostly middle-class, some pockets of both upper- and lower-income, with relatively low crime.





The site is immediately adjacent to Bay Vista Fundamental Elementary School, numerous churches, Lake Vista Park and Recreation Center, which has a public pool, tennis courts, ball fields, and fitness track. Lakewood High School is within a mile. The site is served by public bus transportation.

Nearby Site Adjacencies

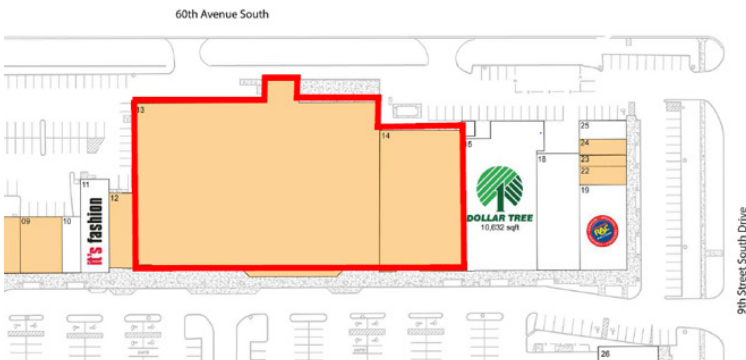
Eckerd College, and two of St. Petersburg College's campuses are within 3 miles. The site is also near the redeveloping Skyway Marina District along 34th Street, which includes the Ceridian office tower, housing IT workers from Jabil Circuit (a fortune 500 company with global headquarters in another park of St. Petersburg), and Kobbie Marketing.

Ongoing Site Activities

The neighborhood associations have formed a task force to bring life back to Skyway. Recent efforts include two food truck rallies. The task force hopes to build momentum for new activity through these events.

Quantification of Building

The project site is Bays 13 and 14 of 26 total bays in the Skyway Plaza. Most of the current Bay 13 was originally built in 1985 as a Kash n' Karry grocery store. It was expanded into an adjacent bay in 2006 when it was renovated to become Sweetbay Supermarket. Bay 13 is 46,803 square feet. Bay 14 was originally built as a Walgreens in 1985. Bay 14 is 13,000 square feet.



AVAILABLE SPACE			
01	1,927 SF	13	46,803 SF
03	800 SF	14	13,000 SF
06	1,020 SF	22	1,000 SF
07	2,040 SF	23	600 SF
09	2,700 SF	24	850 SF
12	2,027 SF		
CURRENT RETAILERS			
ANT	Ridan Industries		1 SF
02	Heidi's Hair Braiding		1,000 SF
04	Hong Kong Restaurant		800 SF
05	Pinellas County Tax Collector		4,000 SF
10	Cell Touch		1,200 SF
11	It's Fashion		3,000 SF
15	Dollar Tree		10,632 SF
18	Amscot Financial		5,900 SF
19	Rent-A-Center		4,500 SF
25	Coin Laundry		1,000 SF
26	JC Automotive Service		6,000 SF

Quality of Building

Bay 13. Direct observation of Bay 13 was performed. No obvious structural or envelope defects were visible with one exception: a piece of equipment is missing from a roof opening in the mechanical mezzanine. Rainwater has periodically entered the building. Interior finishes are worn and damaged. The roof was not accessible for observation. Suspended ceilings were still in place so building structure above could not be observed. Power was on but HVAC systems were not tested. The bay is suitable for fit-out.

Bay 14. Direct observation of Bay 13 was performed. No obvious structural or envelope defects were visible. Interior finishes are worn and damaged. The roof was not accessible for observation. Power was on but HVAC systems were not tested. The bay is suitable for fit-out.

Permit documents for each project were obtained from the building department in PDF file format and cad files, in DWG format, for the Sweetbay renovation were obtained from the architect, Cuhaci & Peterson.

FACILITY SURVEY

Bay 13 Building Systems

- **Electrical Service.** 3 - 1200A, 3 Phase MDP panels with 10 sub distribution panels.
- **Plumbing.** Two restrooms. 8 WCs, 2 urinals, 10 lavs, 2 DFs, floor sinks serving 11 wet stations (3-comp sinks, or similar).
- **Mechanical.** Forced air duct system fed from 5 RTUs in the rear of the building. Numerous grease hoods and commercial exhaust fans.

- **Fire suppression.** This space is protected by a NFPA 13 fire sprinkler system.
- **Fire alarm.** This space is protected by a fire alarm system. Fire alarm equipment is in a room exposed to rainwater.

Bay 14 Building Systems

- **Electrical Service.** 800 A, 3 Phase service, with 7 sub distribution panels.
- **Plumbing.** Three restrooms. 3 WC, 1 urinal, 3 lavatories, all in the rear third of the space.
- **Mechanical.** Forced air duct system fed from 2 15-ton rooftop units (RTU), and one 4-ton RTU.
- **Fire suppression.** This space is not protected by a fire sprinkler system.
- **Fire alarm.** This space does not have an alarm system.

CONSTRUCTION ELEMENTS

Bay 13. The building is constructed of steel joists with a metal deck roof. At the perimeter, the building is set on reinforced concrete masonry walls and W flange steel beams. In the interior, the building is supported on pipe columns that bear on concrete pad foundations. The roof slopes toward the back (north) with the high side at 24 feet 4 inches above the floor and the low side 20 feet 8 inches above the floor. The original parapet extended vertically to a height of 34 feet, and is constructed of concrete masonry, wide-flange steel, and light gauge metal framing, with kickers to the roof deck behind. The Sweetbay renovation raised it to 41 feet 6 inches. No combustible material was used in the building structure.



Bay 14. The building is constructed of steel joists with a metal deck roof. At the perimeter, the building is set on reinforced concrete masonry walls and W flange steel beams. In the interior, the building is supported on pipe columns that bear on concrete pad foundations. The roof slopes toward the back (north) with the high side at 15 feet above the floor and the low side 14 feet 2 inches above the floor. The original parapet extended vertically to a height of 34 feet and is constructed of concrete masonry, wide-flange steel, and light gauge metal framing, with kickers to the roof deck behind. No combustible material was used in the building structure.

PROJECT TYPE SURVEY

Objective of Survey

This study examined existing adaptive reuse projects to draw inspiration for the Skyway Plaza design. Adaptive reuse requires an agile mindset from a design and construction perspective because each project will be different depending on conditions within the reused space and programming and uses of the new project. By looking to existing reuse projects, this study attempted to learn lessons and apply them to the Skyway Plaza design. The search first looked to local and regional markets for project type examples, then turned globally.

The result of this survey was an improved understanding of how existing spaces can be adapted to be functional and appealing.

Select Project Examples

These examples are a sampling of common reuses of big box space. All, except for IKEA, which is mixed-use, reinforce that the residential program idea is cutting edge.

These projects generally illustrate an economical use of large volumes for large programs. However, studying the other program types is instructive, particularly the

library (pictured on the next page) within the large expanse of space the designers created zones, referred to as learning neighborhoods. Changes to the exterior reinforce the transformation of the use by converting the parking lot to a landscaped connector.

International

- Office space > urban farm
- Industrial > office/co-work

United States

- Walmart > Library
- Grocery Store > Library
- Kmart > Museum
- Kmart > Charter School
- Grocery Store > Church
- Walmart > Go-cart track
- Sears > apartment complex

TYPOLOGICAL DEFINITION

These boxes share many common traits:

- Volume (building and lot serve a larger number of people at once)
- Openness (relatively open and flexible plans with high ceilings)
- Orientation (linear alignment of lighting and structural bays)
- Lighting (less natural light needed and/or artificial light preferred)
- Location (regional accessibility via major roads and/or highways)



ADAPTIVE REUSE REQUIRES AN AGILE MINDSET FROM A DESIGN AND CONSTRUCTION PERSPECTIVE. EACH PROJECT WILL DIFFER DEPENDING ON PHYSICAL CONDITIONS AND EXPECTED USES OF THE SPACE

SELECT PROJECT EXAMPLES

These projects were selected because they offer examples of adaptive reuse at a smaller scale that is locally-centered, supporting small/local retailers in micro-spaces. These projects are in well-selected buildings that were already important in the community or have become important in their transformation. It is important to note that these reuse projects are well-designed, but not over-designed and therefore create unique “curated” experiences that offset the prevalence of chain-store consistency in today’s retail experience.

PLANT STREET MARKET, WINTERGARDEN

20 vendors featuring natural, organic food and handmade products all inside of one building.

<https://crookedcan.com/plant-st-market>

426 W. Plant St.
Winter Garden, FL 34787

EAST END MARKET, ORLANDO

The two-story structure is home to a dozen merchants, a large event space, a demonstration kitchen, an incubator kitchen, offices, retail shops, a full-time caterer and restaurant, all part of Central Florida’s top food entrepreneurs, tradespeople, artists, and chefs.

<https://www.eastendmkt.com/about>

3201 Corrine Dr.
Orlando, FL 32803

ARMATURE WORKS, TAMPA

A 73,000 square foot mixed-use commercial space consisting of the Heights Public Market, multiple event spaces, a co-shared workspace as well as multiple restaurants and bars.

<http://armatureworks.com/>

1910 N Ola Ave.
Tampa, FL 33602

LOCAL BENEFITS

These projects provide several benefits to the communities in which they locate. The primary benefit is the creation of community-based “makers” marts for locally produced foods, beverages, soft goods, and other one-of-a-kind objects not found in chain-dominated centers.

TAKEAWAYS FOR SKYWAY PLAZA ADAPTIVE REUSE

The selected project examples provide several takeaways for the adaptive reuse of Skyway Plaza, mainly:

- Developing a programmatic identity around locally produced products can be very successful. Incorporating a mix of food businesses arranged in a dining hall setting and micro-retail spaces for other business types can both support entrepreneurs and create the desired unique retail experience.
- The physical environment plays a key role in success. Ample natural light and tasteful interior design with references to the previous use contribute to the attractiveness of a development.
- Combining these elements with affordable housing accomplishes the goal of creating a sustainable community.

PROGRAM – POSSIBLE USES

Input from residents of the surrounding neighborhoods, the property owner, and local government formed this list of possible uses:

- **Food** – emphasis on fresh, healthy, locally produced; production and food truck space.
- **Employment** – coworking and private suite space; dedicated incubator space for targeted industries as an anchor.
- **Retail** – small business friendly spaces.
- **Services** – daycare and healthcare
- **Residential** – housing to appeal to business owners; create residential incubator program.
- **Recreation** – interior and exterior gathering spaces for patrons and residents; community-identified game like shuffleboard.

The top strategies are discussed in more detail below and on the following pages.



TOP STRATEGY: RETAIL INCUBATION

The large areas available in big boxes can accommodate sales, production, and distribution to incubate small retail businesses. Dividing spaces according to their needs, frontage for retail, service access for production, makes use of all the available space. Incorporating production can also have an educational purpose as in this precedent project by Dao Architecture, LLC. The Fashion Incubator in Portland, Oregon, has storefronts with shared production space behind.

<http://daoarchitecture.com/portfolio/artcultureeducation/fashion-incubator/>).



TOP STRATEGY: OFFICE/COWORK

It is more common to find industrial space converted for innovative uses. These buildings typically have spaces with height and often make use of natural light. Sinergia Cowork, Palermo, Italy, by Marcos Guiponi is an industrial space conversion. It offers an example of good use of natural light; creation of two floors; and potential multiple uses of ground floor space. These are strategies that can be applied to big-box conversions as well.

<https://www.archdaily.com>

THE DESIGN PROCESS

The Florida Housing Coalition conducted extensive research on the characteristics of low-income entrepreneurs across the United States and within the market area of Skyway Plaza. This market research was used to inform not just the design but also services and programs that should be made available for low-income entrepreneur residents of the new Skyway Plaza.

This research determined that a low-income entrepreneur is most likely to be a middle-aged white male in a household with at least two persons. Within the local context, the demographics of low-income entrepreneurs are likely to be more diverse with a smaller family compared to national figures. This research encouraged inclusion of a diversity of housing types, including smaller co-living apartments for singles. Research also determined that those utilizing co-working space in St. Petersburg are less likely to be married or have children, further encouraging development of smaller residential units.

In addition to sociodemographic research, the Florida Housing Coalition conducted market research on the types of businesses that are most likely to be started by low-income entrepreneurs. This research was used to determine the types of business services and programmatic functions that are best suited to the type of entrepreneur likely to locate in the new Skyway Plaza. This research identified construction and professional services as having the highest percentage of business starts by low-income entrepreneurs. Trade, health care, and food are also likely businesses, particularly for businesses that employ more than one person (businesses large enough to sustain employees other than the owner). This research informed design of the space as well as preliminary use types, including space for food and retail.

The preliminary research described above was used to spark an initial conversation with neighborhood organizations and stakeholders about what types of uses could be incorporated into the space to meet the needs of low-income entrepreneurs specifically. The next step was to incorporate specific feedback from the community (this process is described in greater detail in the following section).

Feedback from the community and stakeholder illuminated consistent and near-universal interest in community services, including daycare and health care services. The need for daycare and health care services on-site is also confirmed from research on barriers to business formation, which includes the cost of day care as a significant barrier to small business formation for low-income entrepreneurs. In cases where both community feedback and independent research on business formation needs coalesces, there is a clear need for inclusion of the service in the new Skyway Plaza.

In addition to community services, community leaders expressed a definite interest in improving access to healthy and locally-sourced foods in the community. Leveraging this interest, the design for Skyway Plaza incorporates restaurant and other spaces that could be dedicated to the preparation and sale of foods.

WITHIN THE LOCAL CONTEXT, THE DEMOGRAPHICS OF LOW-INCOME ENTREPRENEURS ARE LIKELY TO BE MORE DIVERSE WITH A SMALLER FAMILY COMPARED TO NATIONAL FIGURES. THIS RESEARCH ENCOURAGED INCLUSION OF A DIVERSITY OF HOUSING TYPES, INCLUDING SMALLER CO-LIVING APARTMENTS FOR SINGLES.



A final concern voiced by the community and confirmed by the property owner, is the need to create a space that serves to attract patrons from a broader market area. The new Skyway Plaza should create a rich and unique retail experience, for instance, to attract patrons interested in

local art and hand-crafted items. Further, the new Skyway Plaza should offer a broad mix of experiences, from fresh food to coworking space, to create a real sense that the shopping center is a destination in the City for a diverse mix of patrons.



COMMUNITY AND STAKEHOLDER ENGAGEMENT

We invited the community to attend a workshop. At least 58 people attended. We did a visual and verbal presentation including a review of context, project examples, visualizations, and possible uses, a summarization of the information included above.



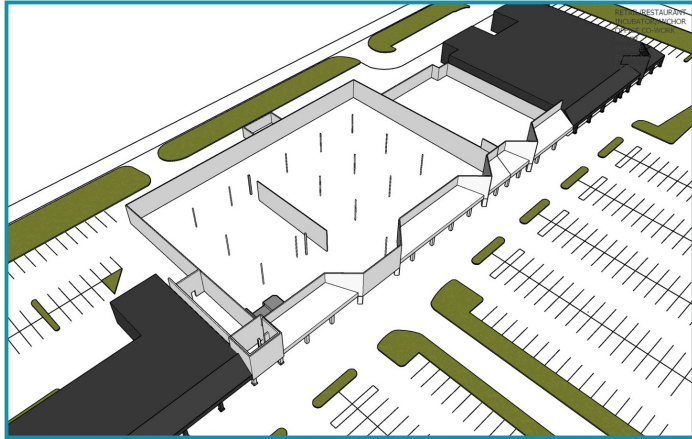
IDEA



DESIGN CHARACTERISTICS

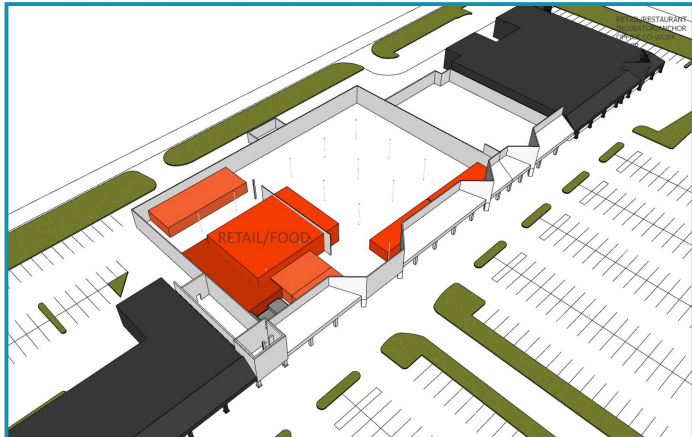
① SHELL

Bay 13 and 14, formerly Sweetbay and Walgreens, are the context for innovative uses. Activating the entire area; interiors, front, rear, parking, roof is the goal of the adaptive reuse.



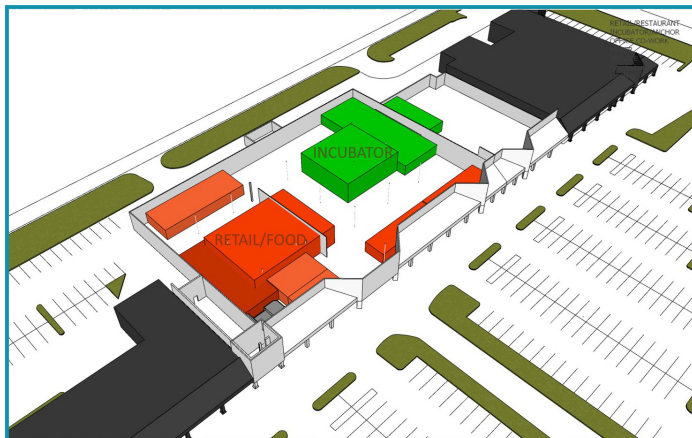
② RETAIL AND FOOD

Retail requires visibility and frontage and creates action, so it is located along the front. Restaurants and incubator kitchens are located with the existing grocery store plumbing, power, and ventilation.



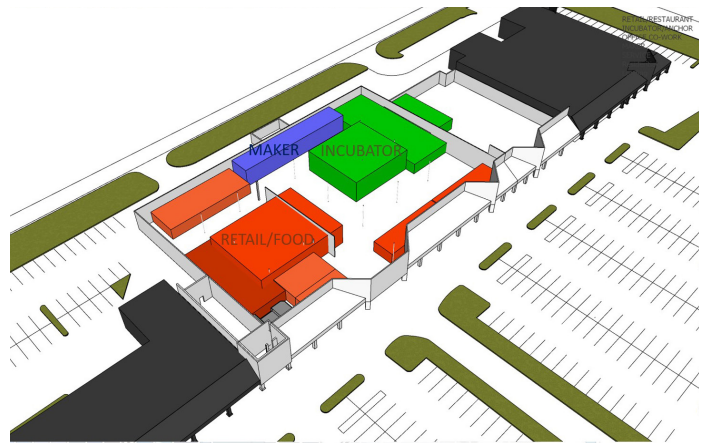
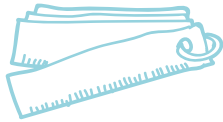
③ INCUBATOR & ANCHOR

Access to exterior for egressing assembly rooms and it occupies the large volume. It functions as a draw to but does not need visibility. It is tucked into the core and bridges the two bays.



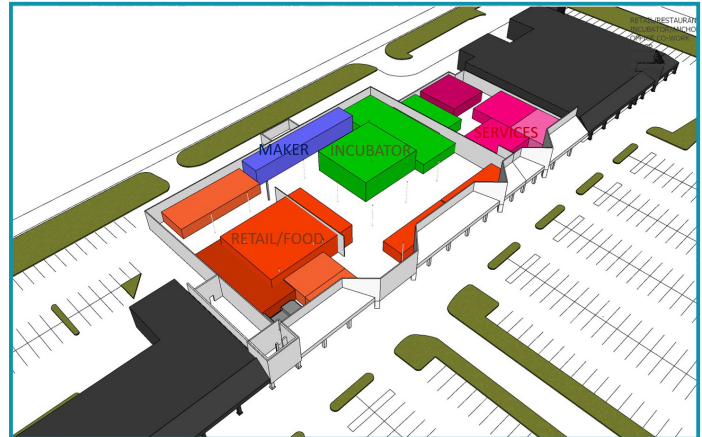
④ MAKER

Located adjacent to the loading dock and power the double height FabLab creates a space of curiosity deep in the bay. Its activity can be expressed on the rear facade to add scale and interest.



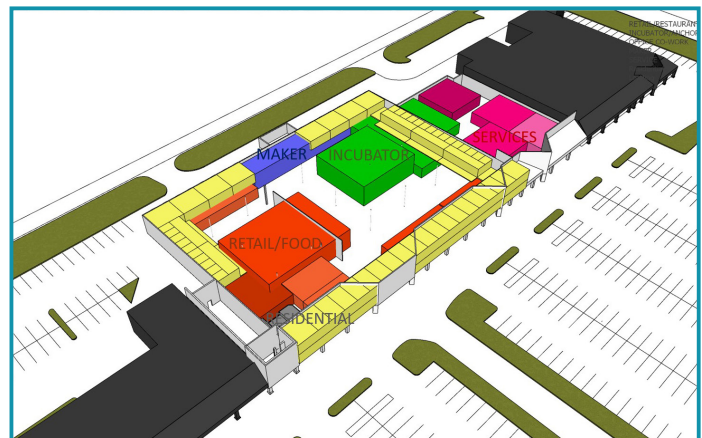
⑤ SERVICES

Bay 14, formerly Walgreens, is the location for Urgent Care, Gym, and Wellness. Daycare has access to a new playground creating activity in the back. These lower intensity uses are best for this Bay which has less robust utilities.



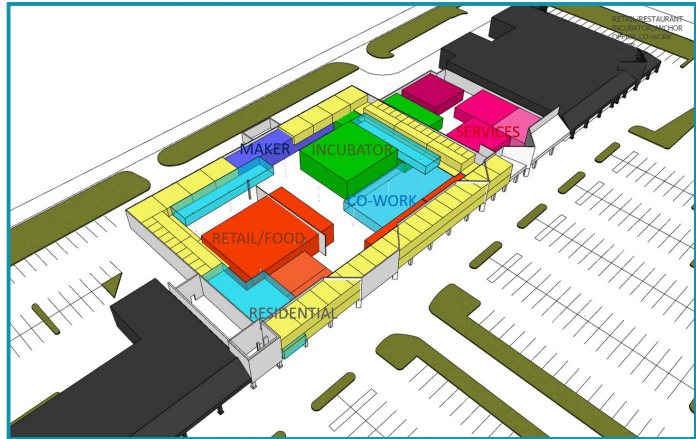
⑥ RESIDENTIAL

Units of housing are located to have access to light and air (windows) and form a ring around the program below. Interior porches and walks for these units activate the interior of the project as if it were a small city.



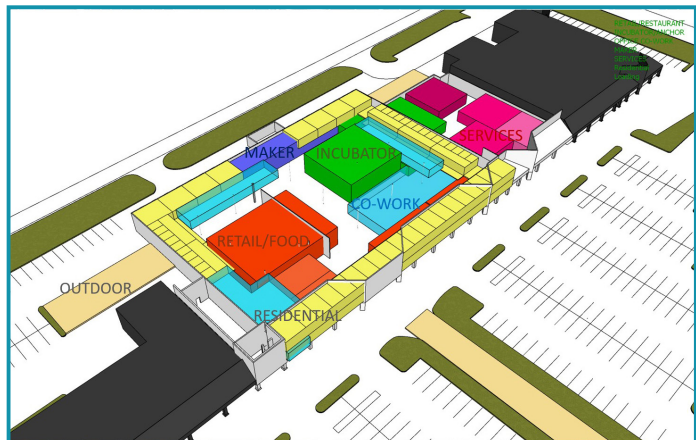
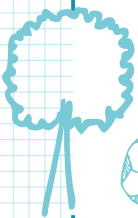
⑦ COWORK & OFFICE

Linked to housing units and the interior passage (Arcade), coworking and business office space divided into four courtyards of interior activity. These are themed according to their adjacency; food/retail, anchor, maker, wellness.



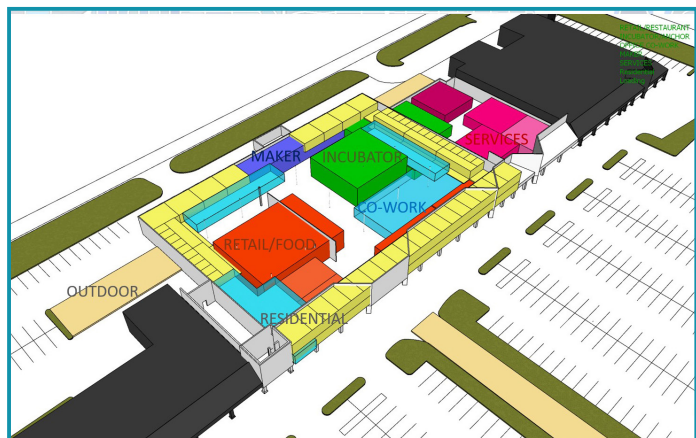
⑧ OUTDOOR

Renovated landscapes, drives, and parking reclaimed with beverage and productive gardens, shuffleboard and sculptural playground create streetscapes and parks that reach across the plaza's vast parking lots knitting it into the city.



⑨ SKYLIGHT

Illuminating the interior with direct and indirect natural light, the skylight guides patrons into the Arcade. The space of the arcade links the interior courtyards with both the front and back of the Bays. This interior "street" is active 24/7 because of the residential component of the project.



HOW TO FINANCE A SITE



THIS IS A UNIQUE CONCEPT WITH LITTLE PRECEDENT

Some financing tools and structures used in adaptive reuse projects might not be applicable or replicable at the smaller scale and retail center context.

SEVERAL FINANCING SOURCES + TOOLS EXIST

The mix and range of financial sources and tools already involved in adaptive reuse is broad and varied.

RETAIL PROPERTY OWNERS STAND TO GAIN FROM THIS CONCEPT

The proposed reuse for affordable housing and workspace for entrepreneurs could add enough value to an entire shopping center to entice a property owner to pursue the concept.

CONSIDER THE REQUIREMENTS OF TRADITIONAL HOUSING AFFORDABILITY + COMMUNITY DEVELOPMENT SOURCES

Pursuit of this concept in low-income communities is likely to require subsidy from traditional funding sources for housing affordability and community development.



This section continues to use the Sunshine Skyway Plaza in south St. Petersburg as a case study to explore financing tools and financing structures appropriate for the adaptive reuse of vacant big box retail into affordable housing and workspace targeting low-income entrepreneurs. Financing models and tools vary considerably from project to project, and even two similar projects could have vastly different financing structures. With that said, Sunshine Skyway Plaza, with a former large supermarket anchor tenant at the center, is typical of the type of commercial property in Florida that could serve as a replicable model for adaptive reuse into housing and commercial space. The research and information presented here is primarily the work of Crossman and Company and Florida Community Loan Fund, which when combined provide detailed analysis of Sunshine Skyway Plaza, recommendations for acquiring site control and realistic financing structures for realizing the proposed design as presented in the previous section both from a retail property development and community development finance perspective.

ADAPTIVE REUSE PROJECTS – AN ENVIRONMENTAL SCAN

To understand how known financing tools are used in adaptive reuse projects, we conducted an environmental scan to identify projects meeting the following criteria:

- Involved adaptive re-use of un- or under-utilized retail space
- Included an affordable housing component
- Provided commercial space and opportunities for entrepreneurs
- Located in low-income communities
- Utilized one or more of the more common types of community development financing tools (Low Income Housing Tax Credits and New Markets Tax Credits)

We identified eight sample projects meeting the above criteria. A detailed profile of each project is found in Appendix B. The sample projects range in size from 47,000 sf to 1.2 million sf (with an average of 470,000 sf) and range in total project costs from \$21 million to over \$200 million (with an average of \$98 million). All eight

sample projects are examples of adaptive re-use of former or underutilized retail and or commercial space that was transformed into affordable housing with working space for local businesses. It is worth noting that we purposely excluded projects that converted or re-configured former shopping center land to create housing at market rates with the rationale that the more flexible financing structures we know are required to produce affordable housing would not be highlighted by those projects.

Housing affordability was achieved in all eight projects at various degrees. Of 1,242 total units, 500 are affordable at or below 80% area median income (AMI). The percentage of affordable units range from 100% for a 41-unit senior housing project (the smallest of the eight) to 20% for a project where 53 of 265 units are reserved for households earning at or below 80% AMI.

All included commercial and or retail space and several included dedicated space for business incubators and work/live arrangements.

Most of the projects identified utilized a combination of financing mechanisms:

- New Markets Tax Credits in combination with Historic Tax Credits
- Some type of local government financing
- Some included Low-Income Housing Tax Credits
- Most included debt financing

APPLICABILITY TO THE CASE STUDY LOCATION

Two key elements of the projects we identified make case study location, Skyway Plaza, different and unique. First, as compared to the Skyway Plaza pilot project (which is typical of what we might find in other neighborhoods throughout the nation), the sample projects are significantly larger in physical size, with matching larger financing needs (average \$98 million) compared to those at Skyway Plaza for the proposed design.

Second, all projects include adaptive re-use of buildings with historical significance, where preservation of the structure was deemed a key element of the plan. Several use Historic Tax Credits as part of the financing structure. In the case of vacant big box space such as the pilot

location, there is little to no historic or other aesthetic value in preserving the existing building. It seems likely that not having to maintain a historic design standard as part of the adaptive re-use for projects such as the proposed pilot will make them less expensive to adapt.

Consequently, the financing tools and structures used in those projects might not be replicable at the smaller scale contemplated in this case study. In fact, little precedent exists for projects in neighborhood shopping centers achieving a similar vision as modeled for the Sunshine Skyway Plaza: affordable housing combined with retail or commercial space that provides opportunities for entrepreneurs. This underscores the importance of the innovation presented by this case study.

In spite of the differences between the sample projects and the case study, we identified three key findings:

1. The mix of financing sources in the sample projects was varied and broad. It included banks, CDFIs, investment firms and government sources. And in many cases, projects included several banks and CDFIs working together in the same project. Independent of the scale and size difference, the fact that a large number of financing providers have experience with, and presumably continued interest in, adaptive re-use projects, bodes well for the likelihood of finding a suitable financing structure for the pilot project.
2. Similarly, a wide range of financing tools have been used to achieve adaptive re-use projects: from tax credit financing (NMTC, LIHTC, HTC), to construction and permanent debt, to government grants and financing.

3. There seems to be a wide range of developers and contractors with experience in adaptive re-use projects. Such experience is key to building the confidence of financing sources and their willingness to invest in such projects.

These key findings will assist those considering similar adaptive reuse projects and provide encouragement for the scalability of this solution.

FINANCIAL ANALYSIS AND RECOMMENDATIONS FROM THE RETAIL INDUSTRY PERSPECTIVE

To determine its applicability, scalability, and replicability, it is important to understand how retail property owners would value this proposed reuse of their vacant big boxes to address housing affordability and provide workspace to support entrepreneurship. Using Skyway Plaza as a case study, Crossman & Company analyzed valuation and acquisition strategies for the proposed redevelopment of the former grocery anchor space. The following valuation scenarios were analyzed:

- As-is valuation of entire shopping center, current market value
- Valuation of the anchor space only, both its current market value and stabilized post-redevelopment value
- Future market value of the entire shopping center post-redevelopment

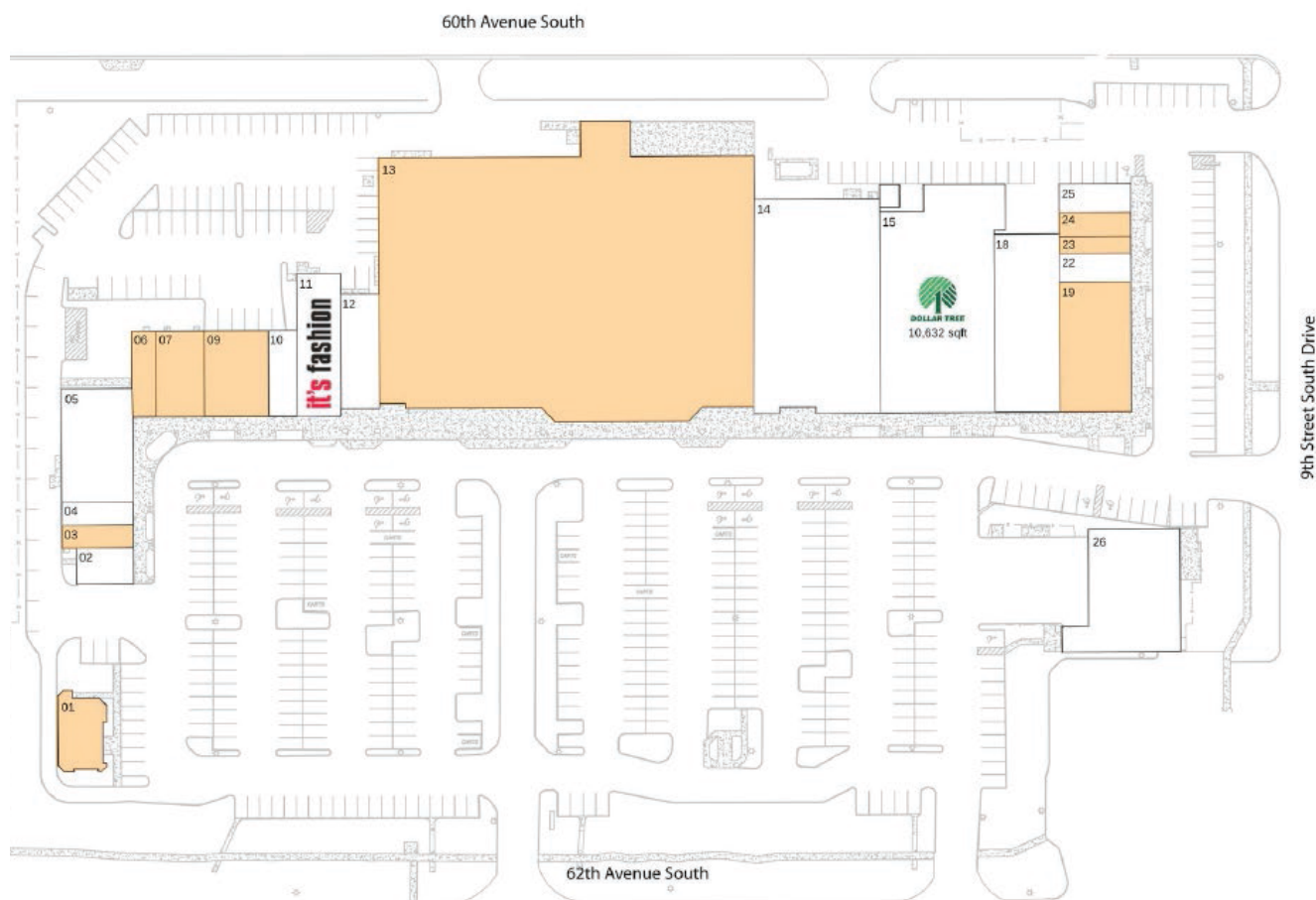
The analysis of these three scenarios provides imperative information to determine how to approach financing the proposed redevelopment.



...LITTLE PRECEDENT EXISTS FOR PROJECTS IN NEIGHBORHOOD SHOPPING CENTERS ACHIEVING A SIMILAR VISION AS MODELED FOR THE SUNSHINE SKYWAY PLAZA: AFFORDABLE HOUSING COMBINED WITH RETAIL OR COMMERCIAL SPACE THAT PROVIDES OPPORTUNITIES FOR ENTREPRENEURS. THIS UNDERSCORES THE IMPORTANCE OF THE INNOVATION PRESENTED BY THIS CASE STUDY.

AS-IS VALUATION OF THE ENTIRE SHOPPING CENTER

This as-is valuation analyzes the entire shopping center, anchor, and small shop, valued from a typical investor's standpoint. At the time of analysis, the property was 55.3% vacant. The remaining space was leased by mostly locally based tenants, including governmental offices. National tenants at the site are Dollar Tree (a discount retailer), Amscot (a check cashing company that provides cash advance and money order services) and It's Fashion (a youth-focused clothing and accessories store). The most recent tenant is Advantage Village Academy, a local nonprofit who intends to operate health clinic and other services from its space in the center.



Current map of property; shaded sections indicating available space. Source: Brixmor Property Group, Inc.

The following assumptions were made during this analysis:

- The anchor space is eventually leased to a single user such as a gym, discount retailer, church, etc. (a more typical target of a retail property owner for this type of space)
- The adjoining retail space (small shop) is gradually leased up over the next 36 months. The market lease rates are detailed in the Market Leasing Assumption section in Appendix ____.
- The stabilized vacancy rate is 15% excluding existing national tenants, these being Amscot, It's Fashion and Dollar Tree at the time of the analysis

Based on these assumptions, it is estimated that the market value of Skyway Plaza is between \$4.2 million - \$4.45 million. It should be noted that the anchor space assumptions can cause significant fluctuations in the valuation. Therefore, it is important to ensure that assumptions used are reasonable based on current market conditions.

Table 21

As-Is Value	
As-Is Value	\$4.2 million - \$4.45 million
Price/SF	\$394,494
Net Residual Value Year 7	\$9,200,000
Residual Cap Rate	9.5%
Discount Rate	12.00% - 13.00%
TI/LC/CAPEX	\$3,565,893

VALUATION OF THE ANCHOR ONLY

This case study focuses on a reuse of existing vacant former grocery anchor spaces within shopping centers. The method of site control is key to the ability to affect the proposed redevelopment. The results of both an as-is and post-redevelopment analysis of an anchor space could indicate whether there may be a workable path forward for an entity to acquire and affect the proposed reuse at multiple locations vacated by a single retailer, as is common and attractive in retail.

AS-IS

A typical investor will value the vacant anchor space on a price per square foot basis. Upon review of the sale of vacant retail space throughout Florida over the past 24 months comparable size and condition to the vacant grocery space at Skyway Plaza, the analysis concludes that the anchor space will be valued between \$30.00 - \$35.00 per square foot of leasable area, which equates to between \$1,400,000 and \$1,640,000.

Table 22

As-Is Valuation – Anchor Only	
As-Is Value	\$1.4 million - \$1.64 million
Prices per Square Foot	\$30.00 - \$35.00
Building Size (square feet)	46,803

STABILIZED VALUE – POST DEVELOPMENT

This scenario values the anchor space post redevelopment. The following assumptions were made during this analysis:

- The anchor space is divided into two floors with apartments on the 2nd floor and the 1st floor remaining commercial.

- Lease rates for the apartments are below market-rate to address housing affordability
- The first floor is master leased. It is impractical to underwrite specific rents for the individual spaces in the proposed design. This is such a unique project, and it will take significant time to generate tenant interest. This issue could be mitigated if a meaningful tenant (small-format grocery, etc.) committed to the project prior to construction.

Table 23

Post-Redevelopment Valuation – Anchor Only	
Post-redevelopment Value	\$5.2 million - \$5.7 million
Price per Square Foot	\$111.10 - \$121.79
Stabilized NOI (annual)	\$440,431
Cap Rate	7.75% - 8.50%
Building Size (square feet)	46,803

Retail users typically focus on store visibility and traffic when deciding where to place a new location. It will take time to create demand for the interior space as it will need to become a destination for the community in order for the future tenants to experience enough traffic to support their occupancy costs. We believe that the project will be most successful if there is a singular focus to the 1st floor space such as health and medical.

LEASING THE ANCHOR SPACE SCENARIO

It will not be feasible to lease the anchor space from the current owner, under traditional terms, given the significant investment that is required to transform the space into mixed-use. A lender would likely want to see at least a 99-year ground lease in order to even consider lending on the improvements. Ground leases are typically seen in dense urban areas, smaller outparcels (Wawa, McDonalds, etc.) or under mall anchors (Sears, Macy's, etc.). Ground leases are very rare on neighborhood shopping center properties, and landlords may not be amenable to this possibility in this context.

The main factor to an anchor-only path forward, however, may be the post-redevelopment valuation of only

the anchor space in relation to the cost to repurpose the space. In the case study, the post-redevelopment valuation is significantly less than the estimated construction costs. Therefore, an anchor-only scenario would require significant (public) subsidy. Therefore, the significant challenges with the legalities of site control and financing severely limits the possibility of the anchor-only option being pursued in a neighborhood center context like the case study.

VALUATION OF THE ENTIRE SHOPPING CENTER POST-REDEVELOPMENT

This valuation scenario anticipates the anchor tenants being successful and creating a meaningful draw to the rest of the center. Much of the potential upside will be seen in an increase in the quality of tenants occupying the adjoining small shop space as well as in an increase of the rents that those spaces can command. The following assumptions were made during this analysis:

- The anchor space is successfully redeveloped and leased under similar terms outlined in the anchor-only scenario previously described.
- The adjoining retail space (small shop) is gradually leased up over the next 36 months at higher rates than the current market rates
- The stabilized vacancy rate is 8% excluding national tenants (Amscot, It's Fashion and Dollar Tree)

Table 24

Post-Redevelopment Valuation – Entire Shopping Center	
Stabilized Value	\$14.7 million - \$13.85million
Price per square foot	\$132.67 - \$125.00
Stabilized NOI (annual)	\$1,212,050
Stabilized Cap Rate	8.25% - 8.75%
TI/LC/CAPEX	\$9,828,796

This scenario provides the most significant increase in value as additional value is realized in the increased rental rates that the adjoining retail spaces are expected to command post-redevelopment. It is also expected that a higher quality of tenant will occupy the small shop space.

RECOMMENDATIONS FROM A RETAIL PROPERTY OWNER'S PERSPECTIVE

The most financially feasible scenario for the case study site appears to be purchasing the entire shopping center. The redevelopment of the anchor space will require a significant financial investment. This redevelopment will generate more demand and higher market rental rates for the adjoining retail spaces. The increased rents and lower future vacancy rates of the adjoining shop space will help offset some of the initial cash outlay. The group who pays for the anchor redevelopment should benefit from the revenue increases of the adjoining space that the redevelopment creates.

Creating a theme, such as medical/health, for the anchor commercial space would be the most effective strategy. For example, the proposed restaurant spaces could provide healthy cooking options and distribute recipes where the ingredients could be purchased at the small-scale grocer and produce market, also within the space. The restaurant owners, or their employees could reside in the units on the second floor creating a true live-work environment. This unique concept, or something similar, would benefit both the residential tenants living on the 2nd floor and the residents living in the areas immediately surrounding Skyway Plaza.

It will be challenging to lease the commercial space prior to this being a proven concept. A master lease could mitigate this underwriting concern. Exploring a partnership with a local or regional grocer to commit to occupying a portion of the ground-floor would reduce the amount of space committed under the master lease. It would also create a meaningful draw for other potential tenants and the community at large.

As such a project may be pursued by an entity that is not profit-driven or with no retail experience, retail leasing and management is a unique business. It would be beneficial for such entity to joint venture with a proven operator. This could be structured in several different ways, but it would help mitigate operational risks while allowing a profit-sharing structure.

ADDITIONAL CONSIDERATIONS FOR RETAIL PROPERTY OWNERS

The proposed reuse for affordable housing and workspace for entrepreneurs clearly adds value to an entire shopping

center. While traditional financing sources for housing affordability and community redevelopment would work, the innovation would occur in retail property owners initiating such redevelopments, bringing additional resources and a new perspective to creating housing affordability. An entrepreneurial property owner, whether a large real estate investment trust or smaller private investor, could stand to gain significantly from pursuing this concept. A few considerations for making this an attractive option for the case study site include:

REDUCING THE CONSTRUCTION COSTS

Currently, construction costs are estimated near \$8 million. Reducing this to around \$6 million (closer to the post-redevelopment value of the anchor space) may make this conversion attractive to retail property owners. This can be done through value engineering throughout the entire plan. Also, less build-out of the commercial ground floor space, leaving that space mostly open and vanilla (i.e. simply drywalled), would contribute in a reduction in initial costs, and provide flexibility to customize the space for a variety of end-users. Another approach to reducing costs would be to analyze converting the entire anchor space for residential use, and utilizing other vacant spaces to provide shared workspace for entrepreneurs. Such scenario is explored in discussed in more detailed in the next section.

Acquiring an experienced property manager. A property owner would maintain ownership of the residential units as well as the commercial space. Considering the mix of commercial and residential, hiring an on-site manager with experience managing a mixed-use property is highly recommended.

The biggest risk is in leasing the ground-floor commercial space. Again, this can be mitigated through a master lease. However, addressing the considerations above could create a scenario in which the rewards outweigh the risks of this new concept for retail property owners, bringing new stakeholders and resources to the table in the quest to address housing affordability.

FINANCING OPTIONS

The recommended scenario is for a single entity to purchase the entire site and move forward with the

redevelopment of the anchor space. Following this scenario presents a couple of options detailed below.

Option 1 – Acquire the Entire Site Using Conventional Financing

Considering the significant value to be created, it is likely that that conventional financing can be successfully sought to acquire and redevelop the site as proposed. To determine a reasonable list of financing sources for this option, we start with the following assumptions:

Table 25

Development Timeline	2 years
Total Revenue	\$1,437,721 ^A
Net Operating Income	\$755,662 ^B
Acquisition Price	\$3,800,000 ^C
Total Development Costs	\$11,000,000 ^D
Financing Terms	5% interest; 30-years, fixed; required debt service coverage ratio of 1.15 ^E

^A Year 2 effective gross income as estimated by Crossman and Company

^B Year 2 net operating income as estimated by Crossman and Company

^C Negotiated below-market value acquisition price in exchange for quick closing

^D Includes acquisition price above, \$5.5 million in costs related to the build-out of the second-floor residential units and clean-up of the ground floor in the former grocery anchor space, leaving as a clean shell for build-out by the commercial tenant(s); also includes \$1.047 million in lease-up and capital expenses

^E Loan would be interest-only for acquisition and the construction phase, then converts to permanent status upon completion of construction and stabilization of the property

Using the assumptions above, it is estimated the property could support a loan of \$10 million. This takes a conservative borrowing approach, and it would be well within usual loan-to-value terms for commercial loans. The remaining \$1 million would be equity from the purchaser and/or other sources. The potential sources and uses may look like the following:

Table 26

Sources	
First Mortgage	\$10 million
Local Funding (Grants, soft debt)	\$150,000
Purchaser Equity	\$850,000
TOTAL SOURCES	\$11 million

Uses	
Acquisition	\$3.8 million
Construction and related expenses	\$6.5 million
Other Development Costs	\$700,000
TOTAL USES	\$11 million

One advantage to this approach is the single source of debt financing. As the majority of the development costs would come from a single loan source, this would provide the ability for the right purchaser to close quickly. This would be attractive to the current owner and critical to negotiating a low acquisition price. Another advantage is the flexibility in residential and commercial leasing. A conventional loan provides the owner with full flexibility on rents. For example, the financial projections include a rent of \$900 per month for a 2-bedroom unit with utilities included. This is well-below the current fair market rent of \$1,200 for this location (source: US Dept. of Housing and Urban Development) and on par with the \$904 maximum rent for a unit renting to a household at 60% of the area median income (the rent limit that would be used for a property financed by low-income housing tax credits; source: Florida Housing Finance Corporation). Keeping the rents at this level accomplishes the purpose of providing housing affordability to low-income entrepreneurs. Yet, utilizing conventional financing would allow rents higher than the limits for traditional affordable housing sources if necessary, but still below market rates.

With these advantages, there are challenges to obtaining a conventional loan. One challenge is the additional scrutiny during underwriting, as lending institutions favor single uses, with commercial and multi-family lending often segregated. The mixed-use nature of the proposal will subject the property to additional scrutiny during underwriting to provide the lender with a high level of understanding needed to make the loan. Also, while

mixed-use developments are becoming more common, the proposed adaptive reuse is an unproven concept, with no comparable in any market. This creates an added risk for both the purchaser and the lender. In spite of these challenges, acquiring the entire site using conventional financing stands out as most likely to succeed in realizing our adaptive reuse vision.

Option 2 – Acquire the Entire Site Using Community Development Financing

The pilot site is located within a census tract eligible for New Markets Tax Credit (NMTC) financing, a source of community development financing for commercial projects such as the proposed adaptive reuse. Though mentioned previously in this guidebook, it is appropriate to explain the NMTC program in detail here to understand how it could benefit the pilot site. The NMTC program was created in December 2000 by the Community Renewal Tax Relief Act of 2000. The program seeks to leverage capital from investors to spur economic development in urban and rural low-income communities. The US Department of Treasury Community Development Financing Institutions Fund (CDFI Fund) allocates NMTC to CDEs, which offer them to investors in return for equity capital. The proceeds from investors are referred to as Qualified Equity Investments (QEIs). CDEs that receive an allocation of NMTC market the availability of NMTC to prospective investors. In some cases, other parties such as equity fund managers, also market the NMTC. Credits must be placed with investors within 5 years of receiving an allocation.

Investors claim a 39% credit over a 7-year period. This 39% is broken down as follows:

- 5% of the amount of the QEI in years 1 – 3
- 6% of the amount of the QEI in years 4 – 7

CDEs use the proceeds of the QEIs to make investments in Qualified Active Low-Income Community Businesses (QALICBs). These investments are referred to as Qualified Low-Income Community Investments (QLICIs). Substantially all, or at least 85%, of the QEI must be deployed by the CDE within one year in QLICIs.

NMTC transactions generally fall into two categories: the standard structure and the leverage structure. In the

standard structure, an investor makes a QEI to a CDE. The CDE makes the QLICB to an eligible project, the ownership entity being the QALICB. The investment often utilizes a pass-through sub-CDE formed specifically for the transaction. The funds usually flow to the QALICB in the form of a low-interest (below market-rate) loan. In the standard transaction structure, the investor receives market returns through a combination of the tax credits and interest payments on the loan. The investor may also receive a portion of the net income from the business, depending on the agreement made with the QALICB.

The other structure, known as the leverage structure, is called such because it combines tax credit equity with funds from a leverage lender to make the QEI. In most cases, the investor supplies 25% to 28% of the funds, while the leverage lender supplies 72% to 75% of the funds into an investment fund owned by the investor (essentially the investment fund “borrows” funds from the leverage lender). The investment fund entity then acts as the equity investor, and funds flow to a QALICB in similar fashion as the standard structure.

The leverage structure is attractive to investors in that it increases their return by allowing them to take credits on the entire investment amount. For example, if the total investment is \$10 million, the investor may supply \$2.5 million to \$2.8 million, while the lender supplies \$7.2 to \$7.5 million. The investor can take credits on the full \$10 million. This significantly increases the investor’s return. In this case, instead of \$975,000 in tax credits (assuming a \$2.5 million investment), the investor could take up to \$3,900,000 in tax credits in addition to interest payments. This structure is attractive to lenders in that they can still offer near market rate loans. The QALICB still receives a savings on interest through the blended rate of the combined leverage lender loan and the equity investment, although this savings is not as much as with the standard transaction. The leveraged structure is more complicated and costly in terms of transaction costs. However, it works well for larger transactions (\$5 million and up), allowing investors and CDEs to be involved with larger, more impactful projects.

The clear advantage to a NMTC transaction is the lower cost of capital, the savings which would be passed on to

low-income entrepreneurs in the form of even lower rents or fees for use of commercial space and lower rents for the housing. Additionally, due to the risks of this unproven concept, the redevelopment may need the financial incentive of the NMTC to attract the necessary investment.

There are challenges to NMTC financing. The main challenge is the limited availability of NMTC, with requests for allocations often exceeding availability in the ratio of 4 to 1. Also, unlike the low-income housing tax credit (LIHTC), the NMTC program is not permanent, and has generally been extended on an annual basis since its initial expiration in 2010, which creates a level of uncertainty with this funding source. Additionally, no more than 25% of revenue can be derived from housing. For the pilot site, that means most of the revenue must come from the riskiest element, the ground-floor commercial space within the former anchor space, combined with rents from the other retail suites.

With total development costs estimated at \$11 million, it is likely that a leveraged structure would be utilized for the pilot site. Assuming a blended interest rate of 3.75% utilizing the leveraged structure on the full \$11 million in development cost, the stabilized property could afford to reduce net operating income from \$755,662 in the conventional loan scenario to \$683,864 under a NMTC scenario. This difference of \$71,798 should be applied in part or wholly to reduce the residential rental rates to ensure compliance with NMTC program rules. In all, the NMTC may be an attractive option as it would reduce the capital outlay from the purchaser, and the lower capital costs would mitigate the risks of this new adaptive reuse approach while contributing significantly to the goal of providing affordable housing and work space to low-income entrepreneurs. However, the seller would need to be patient through the NMTC process (application, allocation and investment closing) and remain willing to accept a below-market selling price over this extended timing.

Other Alternatives

As previously stated, financing tends to favor single uses. Therefore, an option that should be explored further is adjusting the design so that the entire anchor space is converted to residential units. This may create additional financing options for realizing an adaptive reuse. An all-

residential space opens the possibility for utilizing traditional options for multifamily development, such as conventional loans (salable on the secondary market to Fannie Mae) and HUD lending products such as Section 221 or 223 loans, as well as affordable housing sources such as LIHTC, multifamily mortgage revenue bonds and Florida's housing trust fund. Low-cost, shared workspace for entrepreneurs could be provided in other vacant suites throughout the pilot. Additionally, more housing units may increase the overall attractiveness of the remaining commercial spaces.

Suppose that instead of mixed-use, the adaptive reuse plans to turn the former grocery anchor space at Skyway Plaza into a mix of 60 traditional 1- and 2-bedroom units aiming to qualify for multifamily mortgage revenue bonds and non-competitive LIHTC financing. The unit mix may look like the following:

Table 27

Unit Type	Income Level	Monthly Rent	# of Units	Potential Gross Income (Annual)
1-Bedroom	45% of AMI	\$500	3	\$18,000
1-Bedroom	60% of AMI	\$660	25	\$198,000
2-Bedroom	45% of AMI	\$610	4	\$29,280
2-Bedroom	60% of AMI	\$800	28	\$268,800
TOTAL REVENUE:				\$514,080

A simplified operating pro forma for the residential may look like the following:

Table 28

Gross Income	\$514,080
Vacancy Loss	(\$25,704)
Net Revenue	\$488,376
Operating Expenses (35% of Net Revenue)	(\$170,932)
Net Operating Income	\$317,444

Assuming bond loan terms of 4.75% interest, 40-year term, with a required debt service coverage ratio of 1.15, the property could afford to service debt of about \$5.1 million. Unknown at this time are the total development cost for an all-residential adaptive reuse. However, assuming total development costs remain around \$11 million, sources may look like the following

Table 29

Source	Amount
Bond Loan (First Mortgage)	\$5.1 million
State Housing Trust Funds (Soft Second Mortgage)	\$1.8million
Local Funding (Grants, soft debt)	\$500,000
Non-Competitive LIHTC	\$3.6 million

FINANCING TENDS TO FAVOR SINGLE USES. THEREFORE, AN OPTION THAT SHOULD BE EXPLORED FURTHER IS ADJUSTING THE DESIGN SO THAT THE ENTIRE ANCHOR SPACE IS CONVERTED TO RESIDENTIAL UNITS.



This alternative would require splitting the ownership of the residential units from the commercial space. Splits in ownership are common in large centers, such as regional malls, where anchor department stores typically own their buildings. However, such splits are unusual for smaller, neighborhood centers such as the pilot site. Proceeding with this alternative may still require acquisition of the entire shopping center followed by a subsequent transaction transferring ownership of the vacant anchor space to a different entity to carry out the adaptive reuse. This option needs further study also to determine the remaining value of the commercial space.

CONCLUSION

Based on the Florida Housing Coalition's research and experience in pursuing a pilot project, this Guidebook offers an optimal path for pursuing adaptive reuse of vacant commercial space. We make the case for the need for this concept by defining adaptive reuse, how vacant commercial space presents both a significant issue and opportunity to address the underrecognized need of low-income entrepreneurs for affordable workspace

and housing. Providing such within the context of vacant retail space rebuilds communities in a sustainable way through stabilizing costs for entrepreneurs, increasing their chances of success, creating jobs, and provided needed goods and services to communities where such may have been permanently lost. We provide approaches to identifying appropriate sites, and steps to preparing to pursue an adaptive reuse project of this type. We further explain how to address design and provide scenarios on how such projects may be financed. This concept creates an opportunity for a welcome a new stakeholder to housing affordability, retail property owners, as the potential for added value to retail properties from the proposed adaptive reuse concept supports the need to replicate this concept in many locations. The Each challenge builds momentum for local reinvestment, increased vibrancy in neighborhoods, and reduced housing cost burdens for entrepreneurs and families, ultimately contributing to the creation of sustainable communities.



APPENDIX A

ADDITIONAL MARKET PROFILES

MARKET PROFILE: NEW YORK CITY

New York City is a unique place and certainly an interesting place from a housing and economic development perspective. Faced with limited land availability and an ever-increasing population, the City is forced to work creatively to address housing and workforce challenges. The necessity for creative application of programming and housing solutions is evidenced by the sheer diversity of housing programs, business incubators and accelerators, workforce development programs, and government agencies with robust systems of support for low-income entrepreneurs. The City also has an explicit focus on minority- and women-owned business owners.

Table 1. Select program locations in New York City.

#	Program Name	Program Details
1	New York City Economic Development Corporation (NYCEDC)	NYCEDC has created a series of programs focused on training, technical assistance, and business development for entrepreneurs in certain sectors. Sectors of focus for NYCEDC include healthcare, blockchain, tech startups, fashion manufacturing, media, solar energy, and virtual reality. Although each program offers different support services, most include some professional management training, access to investment, peer networking, and workshops and webinars.
2	Empire State Development Entrepreneurial Assistance Program (EAP)	Through 24 EAP Centers located throughout New York State, including 11 in New York City, the EAP assists new and aspiring entrepreneurs in developing basic business management skills, refining business concepts, devising early-stage marketing plans, and obtaining business financing. Each EAP includes basic startup guidance, business plan development, marketing and product development support, access to business networks, and management education. The EAP focuses on minority- and women-owned businesses.
3	BXL Business Incubator	Located in the Bronx, the BXL Incubator includes coworking space and business development education and programming. From developing a business plan and building a strong online presence, to structuring a business, in-house counselors and resources are available to paying members. Resources available for entrepreneurs include micro-lending, networking, legal and financial consulting, and web service assistance.
4	New York Business Development Center (NYSBDC)	Similar to the EAP program listed earlier, the NYSBDC offers programming and startup assistance for small businesses through training centers located across the state. These programs vary in focus, but almost all offer a baseline of programming, which includes: business planning, access to capital and networking, developing marketing plans, and compliance with regulations and licensing.
5	New York City Department of Small Business Services (NYC SBS)	A function of city government, the NYC SBS offers a wide range of services and programming for small businesses, with a focus on minority- and women-owned businesses. Included in its programming is FastTrac, a set of free programs for entrepreneurs and small businesses to grow in NYC. The NYC SBS also offers grants, programs, and training for neighborhood revitalization and commercial corridor improvements.

LOCATION INFORMATION

The programs selected for this review are all located in New York City, with locations spread across the boroughs. The locations are centered in relatively high poverty communities, ranging from a low of 11.29% poverty rate in the NYSBDC Manhattan location, to 48.29% in the EAP Bronx location. These poverty rates are generally higher than the City's overall poverty rate (19.57%).

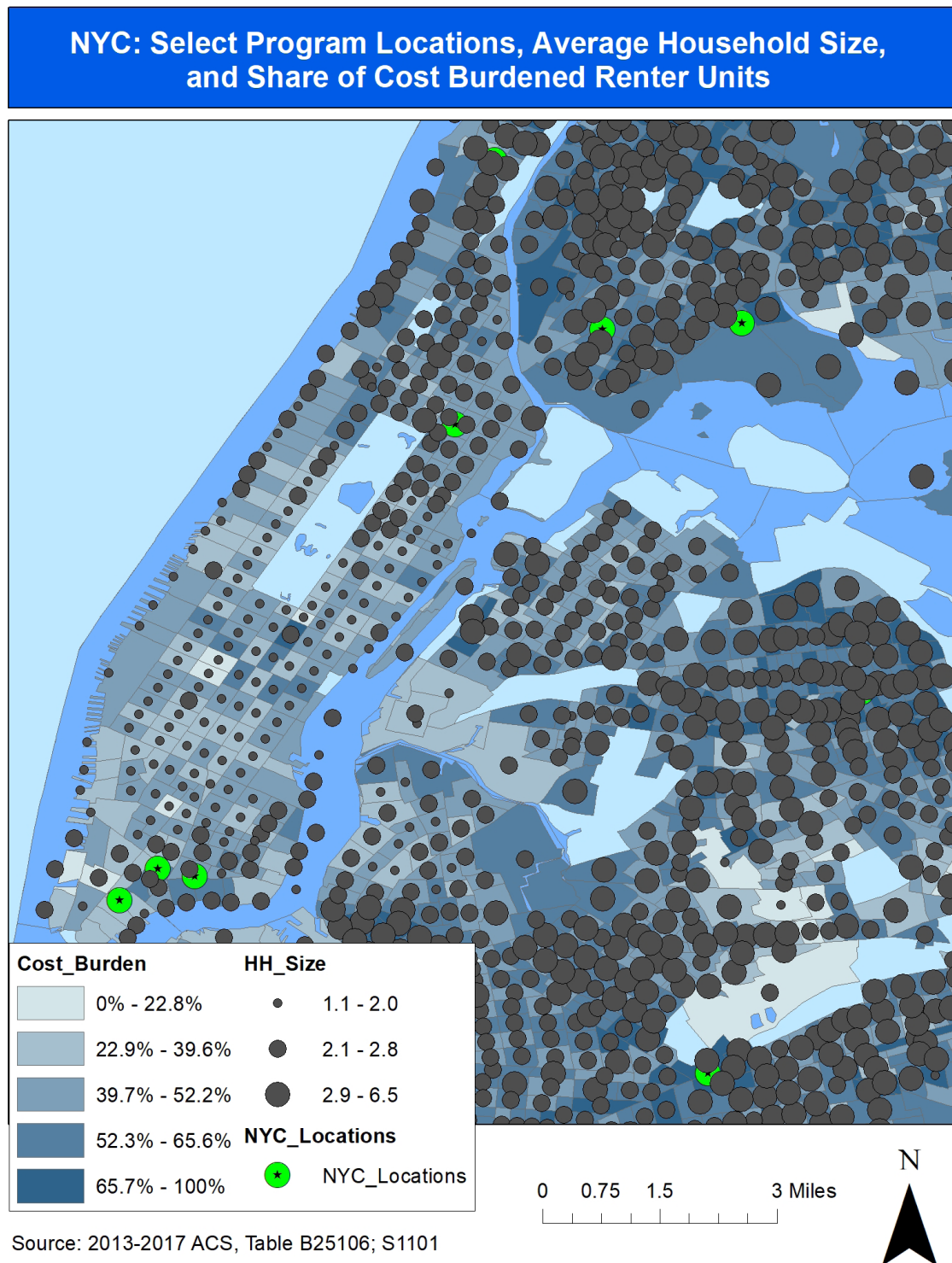
It should be noted that the built environment of NYC, with high density and dominance of high-rise office and residential towers, shapes the property type classification of all programs. Most selected program locations are housed in high-rise office buildings, with the exception of a university location and a reuse of industrial space in the case of the BXL Business Incubator.

Table 2. Select programs in New York City, physical location, and poverty.

#	Program name	Location (Poverty %)	Property type
1	EAP Manhattan	2 Allen Street, New York, NY 10002 (28.37%)	Office
2	EAP Chinatown	70 Mulberry Street, New York, NY 10013 (23.35%)	Office
3	EAP Harlem	1590 Park Avenue, New York, NY 10029 (34.06%)	Office
4	EAP Queens	96-11 40th Road Corona, NY 11368 (19.51%)	2-Story Office
5	EAP Washington Heights	611 W. 177th Street, New York, NY 10033 (25.16%)	Office
6	EAP Bronx	555 Bergen Avenue, Bronx, NY 10455 (48.29%)	Office
7	EAP East Brooklyn	80 Jamaica Avenue, Brooklyn, NY 11207 (43.95%)	Office
8	BXL Business Incubator	890 Garrison Ave., Hunts Point, Bronx 10474 (39.17%)	Industrial
9	NYSBDC Manhattan	163 William Street, New York, NY 10038 (11.29%)	Office
10	NYSBDC Brooklyn	25 Chapel Street, Brooklyn, NY 11201 (32.74%)	University

Source: 2013-2017 ACS, Table S1701 (poverty statistics)

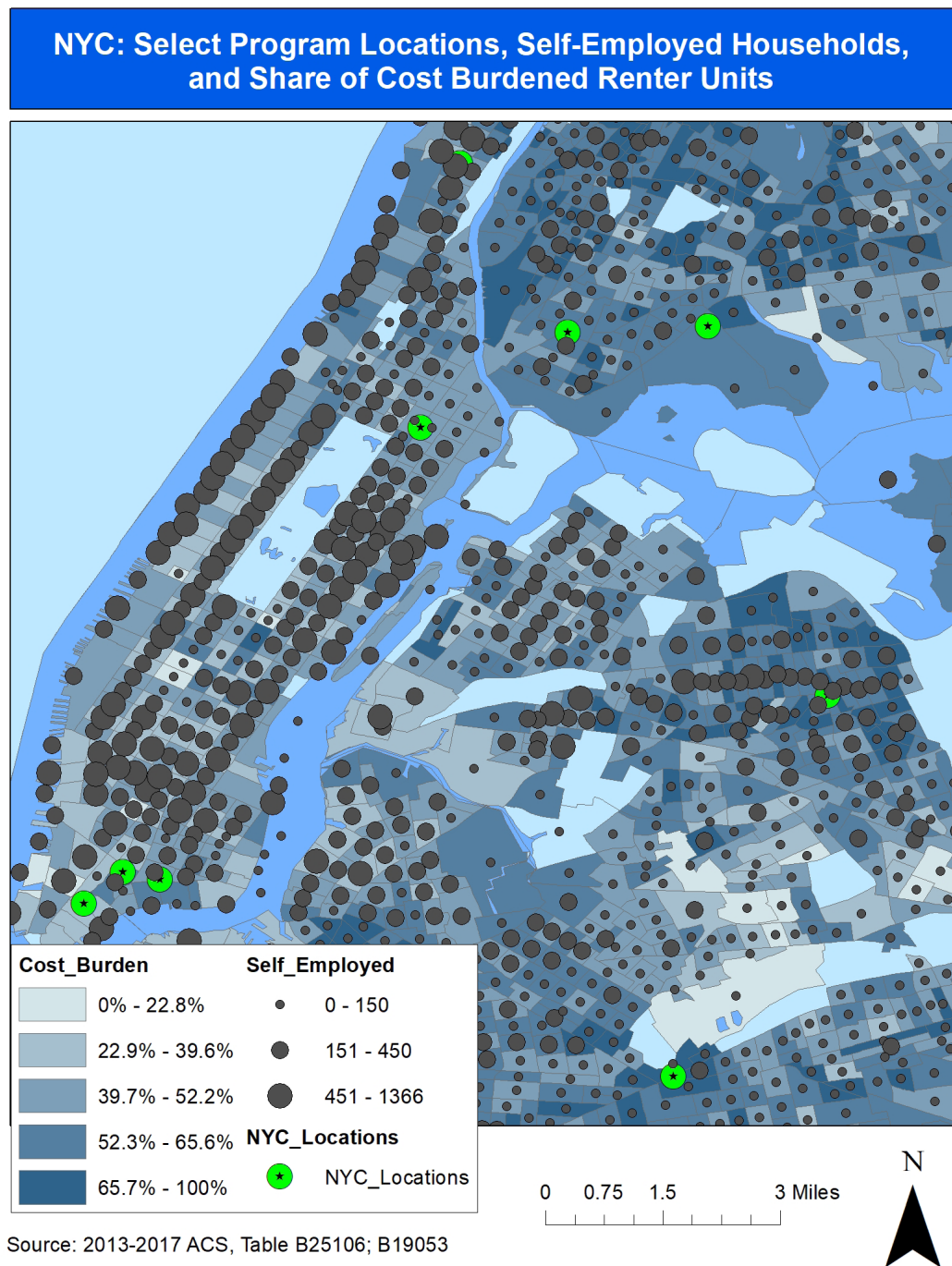
Figure 1. Select program locations in New York City, household size, and share of cost burdened renter units



Programs are generally located in neighborhoods with larger households than the City's average, overall. Additionally, the programs are located in neighborhoods with a larger share of cost burdened rental units compared to the city's typical neighborhood.

	Program Locations	City	Difference
Average HH Size	2.78	2.67	0.11
Cost Burdened Rental Units	52.7%	51.1%	1.6

Figure 2. Select program locations in New York City, self-employed households, and share of cost burdened renter units.



The Manhattan area appears to have the highest concentration of self-employed households in the City, and fewer self-employed households located in the Bronx, Brooklyn, and Queens. Given this fact pattern, programs located in the three boroughs are located in census tracts with fewer self-employed households, and programs located in Manhattan are in census tracts with a greater number of self-employed households. It appears self-employed households tend to be concentrated along the City's major commercial corridors.

	Program Locations	City	Difference
Share of Self-Employed HHs	8.7%	10.7%	-2.0
Cost Burdened Rental Units	52.7%	51.1%	1.6

COWORKING

There is no shortage of Coworking spaces in New York City with monthly membership costs exceeding a reasonable cost for a low-income household. Research for this report identified dozens of organizations offering programming and physical space for entrepreneurs – often focused on businesses in key industries. Coworking spaces focused explicitly on low-income entrepreneurs and small businesses are harder to find in the City. Of the selected programs examined in this market review, only one has Coworking space built into the programming and physical space. This may reflect expensive real estate in the City.

Table 3. Select program locations in New York City and Coworking other physical space offered

#	Program Name	Coworking or other Physical Space Offered
1	New York City Economic Development Corporation (NYCEDC)	No
2	Empire State Development Entrepreneurial Assistance Program (EAP)	No
3	BXL Business Incubator	Yes
4	New York Business Development Center (NYSBDC)	No
5	New York City Department of Small Business Services (NYC SBS)	No

CO-LIVING

NYC is home to a robust co-living ecosystem. This is likely due in part to intense pressures on housing cost and resulting demand for affordable housing options. Many traditional NYC co-living properties reviewed for this report included a shared and a private room options. Shared rooms are cheaper, with the delta between the two options ranging from \$1,000 to over \$2,000. Many of the co-living properties offer wraparound programming and business support networks. Most programs appear to target their product to young adults between the ages of 25 and 34, with an emphasis on socialization and building ‘community.’ Of programs reviewed, the cheapest shared room option was approximately \$750 per month, with utilities, internet, and programming included. Of programs reviewed, NYC does not appear to have a high concentration of co-living programs explicitly focused on entrepreneurs.

As previously noted in this report, New York City’s Department of Housing Preservation and Development (HPD)’s has embraced co-living as an affordable housing solution. In November, 2018, HPD announced support for a program called ShareNYC¹, which offers financial, regulatory, and design assistance to affordable housing developers willing to develop co-living residences on private land in the City. At the time this report was written, the City was still accepting application submissions, so it is impossible to determine the level of interest the development community will show for the program.

¹ <https://www1.nyc.gov/site/hpd/about/press-releases/2018/11/city-kicks-off-shared-housing-pilot-program.page> (Accessed 12/30/2018)

MARKET PROFILE: DETROIT

Due to decades of disinvestment and population loss, Detroit has become a center for innovative ideas for economic development and community revitalization. Currently, Detroit is experiencing a renaissance, with many new residents moving in to downtown and adjacent communities. Still a mostly low-income, majority-minority city, entrepreneurship is promoted as a means for economic uplift both for individuals as well as entire communities. In the table below, we highlight eight programs and collaborative workspaces that target low-income and underrepresented entrepreneurs in Detroit. All of these offer a range of services. However, none offer housing or assistance with housing as part of their programs.

Table 4. Select Programs in Detroit.

#	Program Name	Program Details
1	ProsperUS Detroit	ProsperUS Detroit promotes a place-based economic development strategy with the goal of improving neighborhoods in Detroit through entrepreneurship. ProsperUS Detroit's model is based on the successful Neighborhood Development Center in Minneapolis, MN. ProsperUS Detroit's programs are specifically designed for low- and moderate-income individuals, focused on minorities and immigrants. ProsperUS provides entrepreneur training, micro-lending, and business services, such as accounting, graphic design, and human resources support.
2	FoodLab Detroit	FoodLab is a membership organization that supports low-income and minority food entrepreneurs. It describes itself as "a community of food entrepreneurs committed to making the possibility of good food in Detroit a sustainable reality." ² FoodLab offers several programs such as Launching and Running a Hobby Food Business to help low-income entrepreneurs turn their food hobby into a thriving business, and Monthly Skillshare where members can learn from each other. FoodLab also has a relationship with Detroit Kitchen Connect, which is creating a network of commercial kitchens which FoodLab members can access.
3	TechTown Detroit	TechTown grew from a partnership of Wayne State University, Henry Ford Health System and General Motors in 2000, originally founded to support technology-based companies spun off from university research. TechTown has since expanded to offering it incubation and acceleration strategies to help neighborhood small businesses and sustain commercial corridors throughout Detroit. Such programs include a retail boot camp, a retail pop-up space, and connections with other pop-up opportunities. TechTown also still provides support to tech businesses, and offers coworking, office and meeting space.
4	Eastern Market Detroit	On the surface, Eastern Market is like most public markets, but underneath it is much more. The nonprofit operator runs several programs to incubate and build small food businesses, including classes and consultation on the entire process of starting a food business. Eastern Market also offers programs such as Farm Stand, a mobile pop-up stands in sites throughout Detroit to promote access to healthy food, and Tasting Stations at independent grocery stores to expose products to a wider customer base. Further, they have relationships with Feast Detroit for production and has a commercial kitchen that is part if the Detroit Kitchen Connect network of kitchens.

² <https://foodlabdetroit.com/who-we-are> (Accessed 12/30/2018)

5	Build Institute	Build started as a program of DHive, a welcome and resource center for downtown Detroit. Build's vision is to support Detroit as a "global leader in equitable entrepreneurship" ³ . Build offers a variety of programming and assistance, including Build Basics, its core curriculum on the basics of starting a business; Build Bazaar, a pop-up marketplace for entrepreneurs finishing the program; and Kiva, a 0% interest, crowdfunded microloan program that qualifies borrowers based on character instead of credit and providing access to capital for individuals that otherwise could not obtain it. Build cites 73% of graduates from its programs are low- to moderate- income. ⁴
6	ACCESS Growth Center	Growth Center is a department of ACCESS (Arab Community Center for Economic and Social Services), an organization founded to serve the impoverished immigrant community in Dearborn, an inner ring suburb of Detroit. The Growth Center's marquee program is its Immigrant Entrepreneur Program. The program offers business training classes for both new and established businesses, microloans, and business coaching.
7	New Economy Initiative	The New Economy Initiative is a program of the Community Foundation of Southeast Michigan, described as a philanthropic effort to develop and build an inclusive network of support for entrepreneurs and small businesses in southeast Michigan. NEI runs four main programs: 1) New ideas to promote growth of existing businesses 2) Neighborhood Business Initiative that provides funding to organizations that support neighborhood entrepreneurs 3) Bizgrid, an online directory as well as a physical infographic to help entrepreneurs find organizations providing business assistance in Detroit, and 4) Detroit Innovation which supports resident-led, social entrepreneurship.
8	Detroit Parent Collective	Detroit Parent Collective is unique among Coworking spaces in that it addresses both the need for affordable workspace and childcare by offering both on site. Members pay a monthly fee that includes access to a "homelike" Coworking space with childcare for infants and toddlers, and a cooperative preschool for children ages 2.5 through 6.

³ <https://www.buildinstitute.org/about/> (Accessed 12/30/2018)

⁴ <https://www.buildinstitute.org/builds-impact/> (Accessed 12/30/2018)

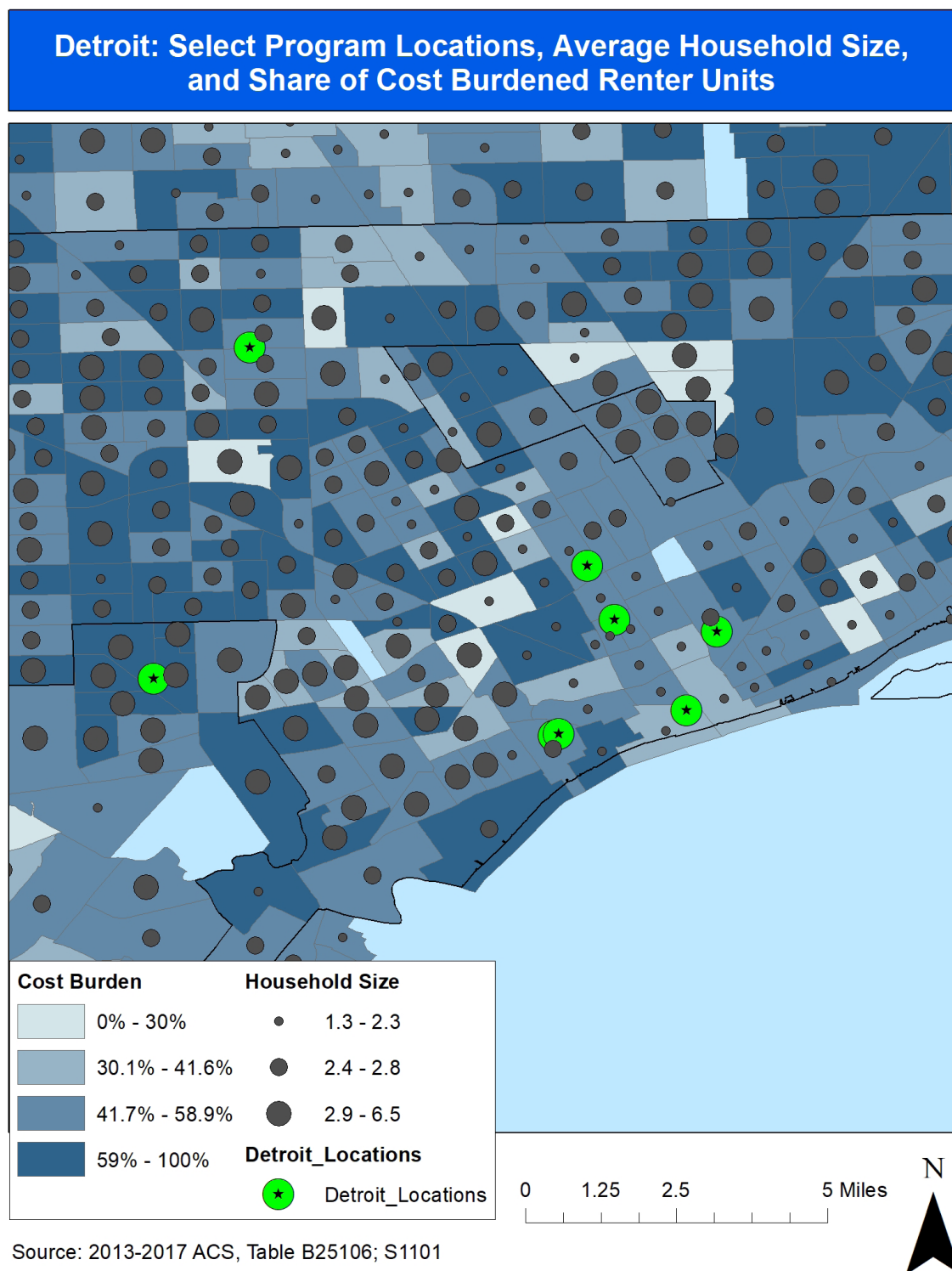
LOCATION INFORMATION

The majority of the Detroit programs or facilities are located either downtown or in neighborhoods adjacent to downtown. One program, ACCESS Growth Center, is located in an inner suburb. All but two are located in areas with poverty rates approximate to or higher than the city's poverty rate of 37.9%. Most are located in low-rise commercial buildings.

Table 5. Select programs in Detroit, physical location, and poverty.

#	Program name	Location (Poverty %)	Property type
1	ProsperUS Detroit	2835 Bagley, Suite 800, Detroit, MI 48216 (35.79%)	2-story Office
2	FoodLab Detroit	4444 Second Avenue, Detroit, MI 48201 (43.92%)	Repurposed industrial building (1-story)
3	TechTown Detroit	440 Burroughs Street, Detroit, MI 48202 (36.40%)	5-story Office
4	Eastern Market Detroit	2934 Russell Street, Detroit, MI 48207 (65.04%)	Businesses in collection of industrial buildings spanning several blocks; corporate office in 1-story office
5	Build Institute	2701 Bagley Avenue, Detroit, MI 48216 (35.79%)	1-story office
6	ACCESS Growth Center	6451 Schaefer Road, Dearborn, MI 48126 (49.18%)	2-story office
7	New Economy Initiative	222 West Fort Street, Suite 2010, Detroit, MI 48226-3134 (7.93%)	Mid-rise office, downtown
8	Detroit Parent Collective	8418 W McNichols, Detroit, MI, 48221 (19.35%)	1-story office

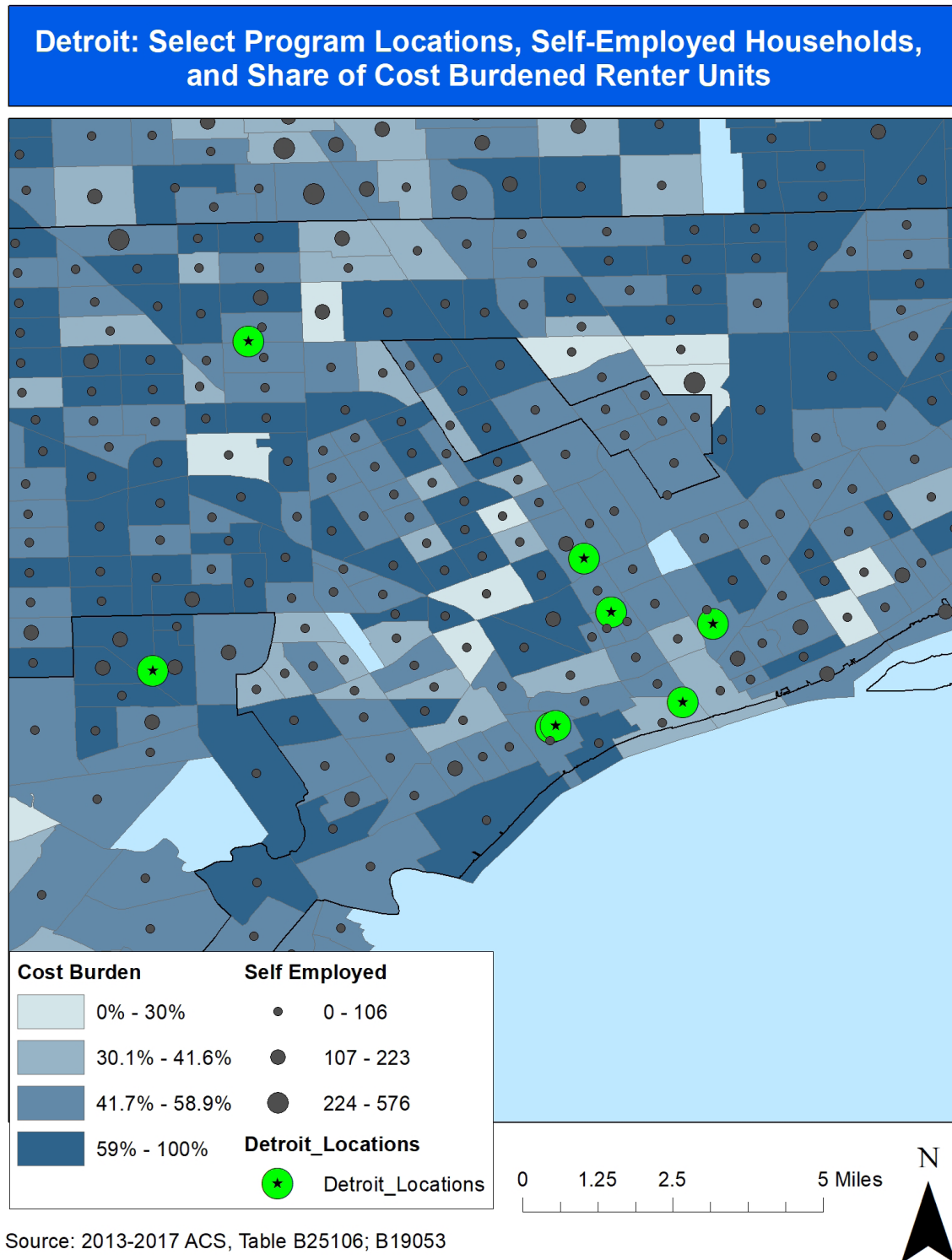
Figure 3. Select program locations in Detroit, household size, and share of cost burdened renter units.



Most of the programs are located in areas with smaller household sizes (1 to 2 people) and renters with moderate cost-burden. The cost-burden may be a function of the relatively affordable housing currently available in Detroit.

	Program Locations	City	Difference
Average HH Size	2.29	2.58	-0.29
Cost Burdened Rental Units as Share of Total	50.7%	55.5%	-4.8

Figure 4. Select program locations in Detroit, self-employed households, and share of cost burdened renter units



Select programs are physically housed in locations with lower rates of self-employment, which may indicate many program participants come from other neighborhoods.

	Program Locations	City	Difference
Share of Self-Employed HHs	4.6%	5.3%	-0.7
Cost Burdened Rental Units as Share of Total	50.7%	55.5%	-4.8

COWORKING

The programs and facilities highlighted offer a variety of resources to low-income entrepreneurs, chiefly access to capital, which is often cited as the primary barrier to success. However, not all offer physical space for the businesses they serve to operate – produce, distribute, and/or face clients.

Table 6. Select program locations in Atlanta and Coworking or other physical space offered.

#	Program Name	Coworking or other Physical Space Offered
1	ProsperUS Detroit	No
2	FoodLab Detroit	Yes
3	TechTown Detroit	Yes
4	Eastern Market Detroit	Yes
5	Build Institute	Yes
6	ACCESS Growth Center	No
7	New Economy Initiative	No

With this, there are affordable Coworking and physical space options for low-income entrepreneurs. For example, Detroit Community Markets⁵ is a network of 15 community markets and farm stands, which includes Eastern Market Detroit. Other independent Coworking spaces offer affordable pricing, such as Ponyride, Bamboo (which networks with other programs such as FoodLab, Build Institute and New Economy Initiative) and Grand River WorkPlace.

CO-LIVING

Co-living in the traditional cooperative housing is not new to Detroit. It is particularly common for senior housing. However, co-living in terms of private rooms with shared common spaces (living rooms, kitchens), a living option growing in popularity among younger professionals and entrepreneurs looking for a more affordable option to traditional apartments, is new. Our research discovered one such development under construction: Baltimore Station 2.⁶ This development will include 138 residential units in a mix of co-living and private apartments, with furnished and unfurnished options. The building will also include ground-floor retail space. The development is just a few blocks (walking distance) to TechTown Detroit and Wayne State University, where it will likely draw residents from. It is also a streetcar ride (and additional short walk) away from Eastern Market and the New Economy Initiative office location. The success of this project may lead to more such projects building up in Detroit.

⁵ <http://www.detroitmarkets.org/> (Accessed 12/30/2018)

⁶ <https://www.theplatform.city/baltimore-station-phase-ii/> (Accessed 12/30/2018)

MARKET PROFILE: HOUSTON

Both governmental and non-governmental programs in Houston target low-income entrepreneurs. Below is a sampling of these programs. None of them offer affordable housing as part of the program, and as in other markets can be categorized largely in the traditional business assistance and startup accelerator approach replicated across the country.

Table 7. Select programs in Houston.

#	Program Name	Program Details
1	Houston Business Development, Inc.	Houston Business Development, Inc. (HBDI) was established by the City of Houston with a mission to “stimulate economic growth, support the expansion of small businesses, combat community deterioration, and foster employment opportunities” for low- and moderate-income residents of Houston. ⁷ The nonprofit reports participation in \$82 million in loans to small businesses since its founding in 1986. In addition to small business loans, HBDI provides affordable workspace and services to startups through its Business Technology Center, a 160,000 square-foot mixed use complex, currently with plans for redevelopment and expansion. ⁸
2	TXRX Labs	TXRX is a nonprofit makerspace, providing shared space and private studios with access to tools, classes and events for entrepreneurs that build things. Spaces include rapid and metal fabrication, electronics, woodshop, art lab, jewelry studio and computer classroom. Classes offered include woodwork, welding, 3D printing, jewelry-making, sewing, hand-lettering, and screen printing. Memberships start at an affordable \$50 per month. TXRX further offers youth programs and is partnering with the local school system to install makerspaces at four schools. TXRX also plans to offer job-training programs.
3	Greater Houston Black Chamber of Commerce	The Greater Houston Black Chamber of Commerce aims to be a resource that represents and promotes unity among black-owned businesses in Houston. The Chamber’s key program to support small business development is its Business Training Program, which is available to members and non-members.
4	Houston Economic Empowerment Center – Houston Area Urban League	The Economic Empowerment Center is a program of the Houston Area Urban league to support small business development. The program offers a variety of services, including one-on-one mentoring, workshops, and partners with Housing Community College to offer the Goldman Sachs 10,000 Businesses business management program.

⁷ <http://www.hbdi.org/mission-statement-background/> (Accessed 12/30/2018)

⁸ http://www.hbdi.org/site/wp-content/uploads/2015/11/PalmCenter_Summary_10-12-2015.pdf (Accessed 12/30/2018)

LOCATION INFORMATION

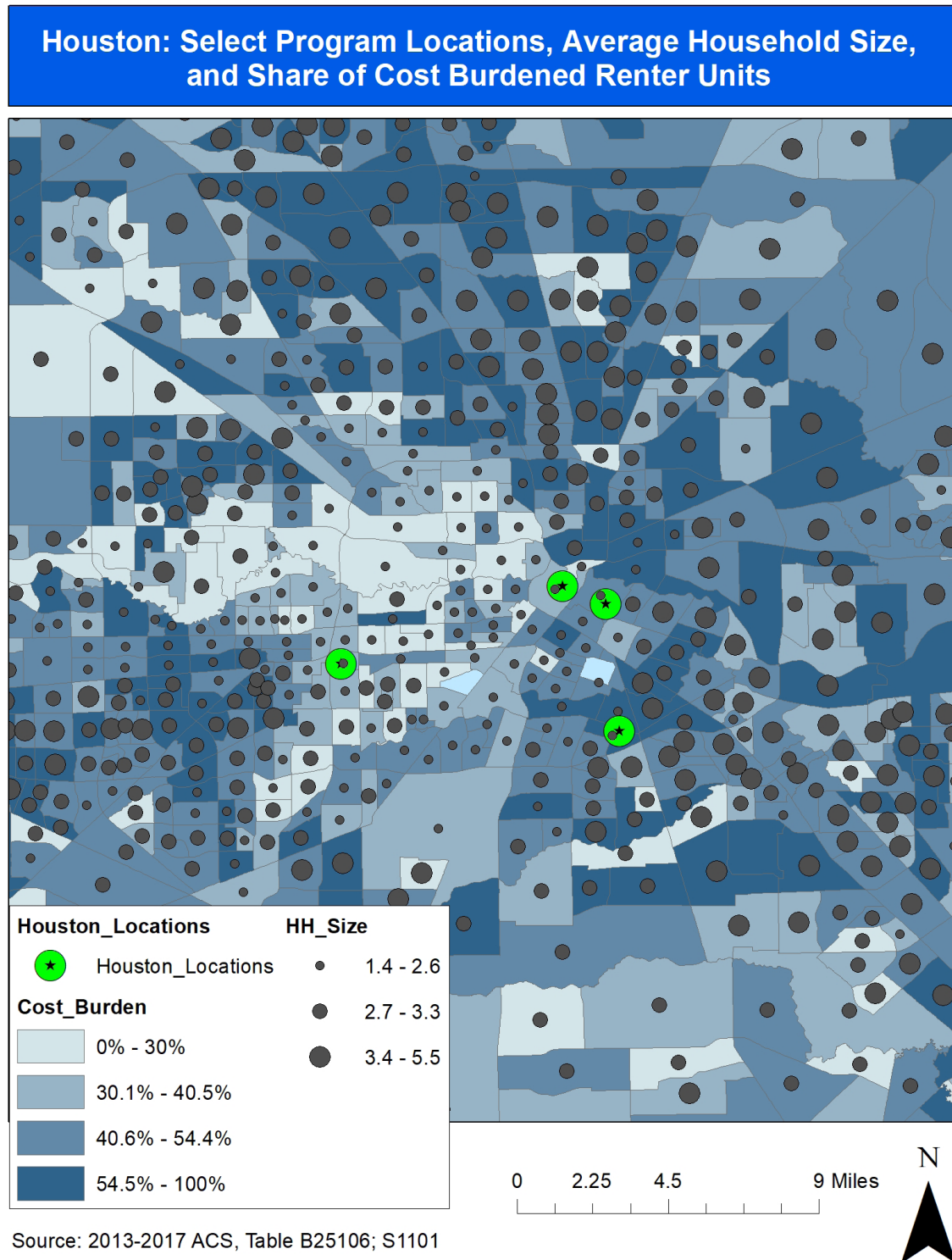
The Houston programs or facilities are located either downtown or in neighborhoods within Houston's inner loop. Houston is unique in the country for its diversity and integration between races and ethnic groups. Many neighborhoods are majority-minority with no single racial majority. All of the selected programs in Houston, with the exception of one, are located in integrated and diverse communities. Additionally, a majority of programs are located in or adjacent to high-poverty areas. They are physically housed in a diversity of buildings from a commercial strip center to a 10-story office.

Table 8. Select programs in Houston, physical location, and poverty.

#	Program name	Location (Poverty %)	Property type
1	Houston Business Development, Inc.	5330 Griggs Road, Houston, TX 77021 (31.8%)	Commercial Strip Center
2	TXRX Labs	204 Roberts Street, Houston, TX 77003 (31.02%)	Industrial
3	Greater Houston Black Chamber of Commerce	4828 Loop Central Drive, Houston, TX 77081 (6.66%)	10-story office
4	Houston Economic Empowerment Center – Houston Area Urban League	1301 Texas Avenue, Houston, TX 77002 (16.31%)	2-story office

Source: 2013-2017 ACS, Table S1701 (poverty statistics)

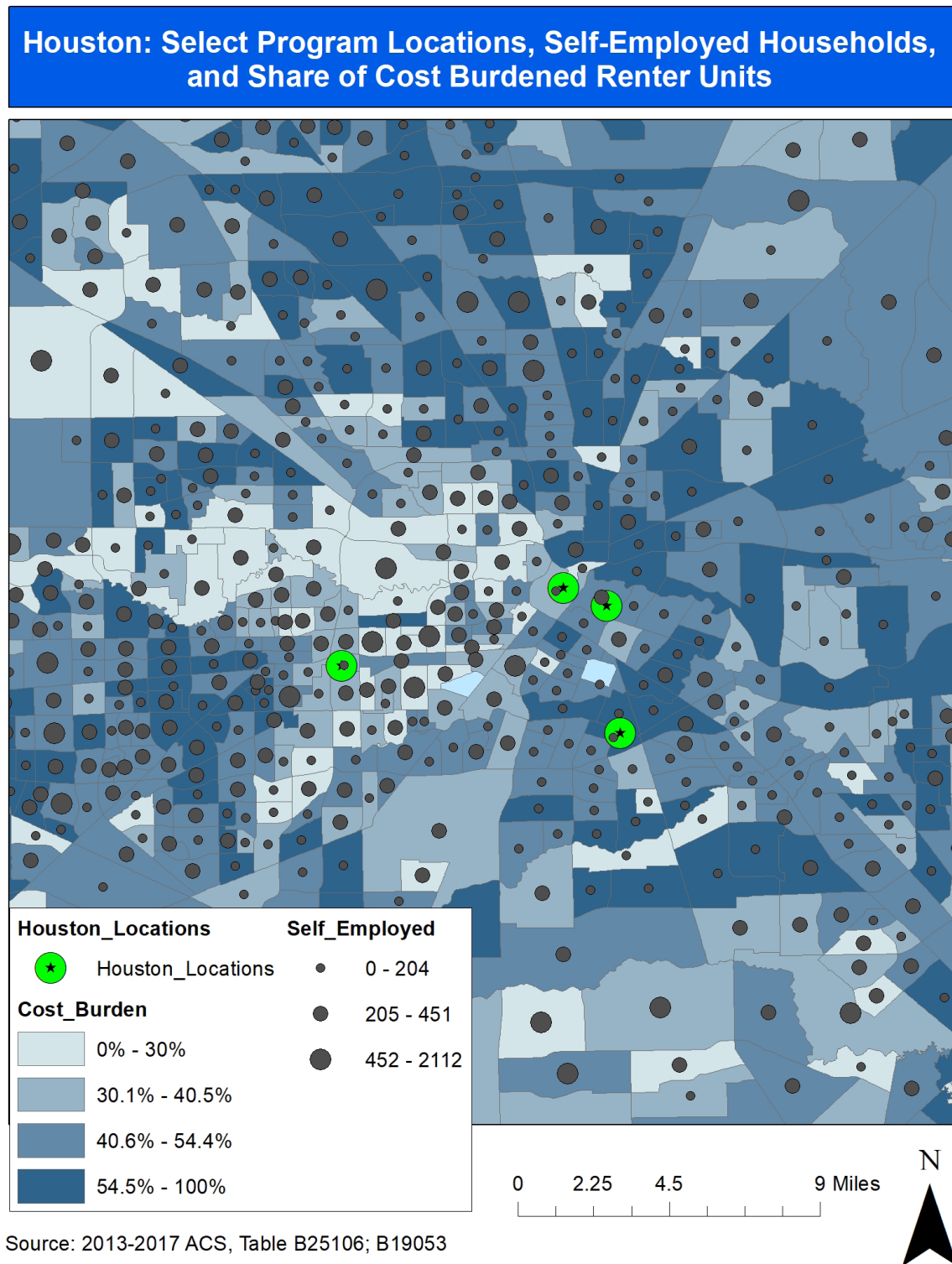
Figure 5. Select program locations in Houston, household size, and share of cost burdened renter units.



Programs are located in areas with smaller household sizes (1 to 2 people). The programs are also in locations where renters a range of cost-burden from 30% to up to 100%.

	Program Locations	City	Difference
Average HH Size	1.84	2.66	-0.82
Cost Burdened Rental Units as Share of Total	41.6%	47.1%	-5.5

Figure 6. Select program locations in Houston, self-employed households, and share of cost burdened renter units.



Programs are physically housed in locations with low self-employment rates, which implies that many participants come from other neighborhoods.

	Program Locations	City	Difference
Share of Self-Employed HHs	8.5%	10.8%	-2.3
Cost Burdened Rental Units as Share of Total	41.6%	47.1%	-5.5

COWORKING

The programs and facilities highlighted offer a variety of resources classes, access to capital, and other options low-income entrepreneurs. However, not all offer physical space for the businesses they serve to operate:

Table 9. Select program locations in Atlanta and Coworking or other physical space offered.

#	Program Name	Coworking or other Physical Space Offered
1	Houston Business Development, Inc.	Yes
2	TXRX Labs	Yes
3	Greater Houston Black Chamber of Commerce	No
4	Houston Economic Empowerment Center – Houston Area Urban League	No

CO-LIVING

Co-living is new to Houston. However, co-living for entrepreneurs and other professions does not exist yet. Our review discovered one co-living community for entrepreneurs and professionals. LaunchEffect describes itself as co-living for innovators. Per its website, LaunchEffect is a pilot program that so far has had 43 attendees at workshops, 21 businesses started by members and has 12 people on its waiting list.⁹ The pilot residency program is described as a four-part process: application, matching with roommates, matching with affordable space, and community involvement. The websites do not offer any information on the location or locations.

⁹ <http://www.launcheffecthouston.com/about> (Accessed 12/30/2018)

MARKET PROFILE: LOS ANGELES

Similar to New York, Los Angeles is an interesting market from an economic development and housing perspective. For example, the city's attractiveness to freelance economy has promoted creative affordable housing solutions that push even the limits of co-living. In Los Angeles are several governmental and non-governmental programs targeted at low-income entrepreneurs. Below is a sampling of these programs. None of them include an affordable housing component and can be categorized largely in the traditional business assistance and startup accelerator approach replicated across the country.

Table 10. Select programs in Los Angeles.

#	Program Name	Program Details
1	The Entrepreneurship Center	The Entrepreneurship Center is a facility and program of Valley Economic Development Center (VEDC), a national CDFI based in Los Angeles. The Center has three main offerings: 1) Coworking space that includes workshop programming and business consulting 2) A free four-week business growth program that includes 20 hours of one-on-one and peer group consulting that can be accessed up to 6 months after the four-week program ends, and 3) access to VEDC's suite of business financing options, as low as \$500 and products for various industries and backgrounds.
2	Vernon Slauson Economic Development Corporation	The Vernon Slauson Economic Development Corporation, started as a mayoral advisory committee in response to the closing of a major department store in the south Los Angeles community, now serves as a CDFI bringing entrepreneurship training and capital to the underserved. The Corporation offers a free entrepreneurship training program, divided into two levels, 11 weeks total with 2 years of ongoing support from the Corporation upon completion of the program. The Corporation also provides business loans, from the micro level to several hundred thousand. The Corporation further houses a youth business center, functioning as a Coworking and training space for area high school students interested in entrepreneurship.
3	La Kretz Innovation Campus	The La Kretz Innovation Campus is a partnership of the City of Los Angeles, The LA Department of Water and Power and LA Cleantech Incubator (LACI). The Campus is designed to support clean tech startups, bringing entrepreneurs together with researchers, engineers, organizations, and policymakers. LACI operates specific programming for women, people of color and other underrepresented and disadvantaged communities through its Diversity and Inclusion Initiatives ¹⁰ , including targeted recruitment of businesses to the campus, workshops, and a planned Pilot in a disadvantaged community to develop ideas from underrepresented groups. Results so far are excellent. Of the 383 employees at the 16 companies reporting in 2016, 124 were minorities/previously excluded, nearly triple the number from 2015. Also, in 2016, one minority-owned company, Homeboy Recycling, was one of the campus's top performers.

¹⁰ <https://laincubator.org/info-sheets/diversity-inclusion-one-sheet/> (Accessed 12/30/2018)

4	City Labs Boyle Heights	City Labs describes itself as a “purpose-driven workspace for Los Angeles innovators, entrepreneurs, and creatives”. ¹¹ The key partners in City Labs are Leadership in Urban Renewal Networks (LURN) and Team Friday. LURN supports entrepreneurs through providing capital, including an equity fund to invest in businesses in low-income communities and a micro-loan fund for healthy food businesses. LURN also hosts labs to bring thought leaders and business owners together to solve community problems. Team Friday does market and branding.
5	Grameen America Los Angeles	Grameen America is a national organization supporting low-income, primarily immigrant women entrepreneurs as a means to lift them and their families out of poverty, with program offices in cities throughout the county. The LA program is supported by the California Community Foundation. Since its launch in 2012, the LA program has invested over \$63 million, providing capital, training, and support to over 10,000 women entrepreneurs. ¹²
6	Crenshaw Chamber of Commerce	The Crenshaw Chamber of Commerce supports businesses and economic development efforts along the Crenshaw corridor of southern Los Angeles. The Chamber hosts the Inner City Capital Connections, a national entrepreneurship training program designed by the Initiative for a Competitive Inner City. This program is free to participants. According to the Chamber’s website, since 2005, 258 graduates (of whom 43% are women and 44% are minorities) have raised \$166 million in capital, created 1,268 jobs, and posted average revenue growth of 52%. ¹³

LOCATION INFORMATION

The majority of the Los Angeles programs or facilities are located in urban neighborhoods near the central business district. One program, the Entrepreneurship Center, is located in the suburban San Fernando Valley area of Los Angeles. All are located in or adjacent to high-poverty areas. The majority are located in low-rise buildings.

Table 11. Select programs in Los Angeles, physical location, and poverty.

#	Program name	Location (Poverty %)	Property type
1	The Entrepreneurship Center	13420 Van Nuys Blvd. Suite 121, Pacoima, CA 91331 (20.25%)	2-story office
2	Vernon Slauson Economic Development Corporation	2 locations: 1130 W Slauson Avenue, Los Angeles, CA 90044 (37.52%) 6109 S Western Avenue, Los Angeles, CA 90047 (17.49%)	1-story office 1-story office
3	La Ketz Innovation Campus	525 S Hewitt Street, Los Angeles, CA 90012 (12.96%)	1-story industrial building
4	City Labs Boyle Heights	553 S Clarence Street, Los Angeles, CA 90033 (41.22%)	1-story office
5	Grameen America Los Angeles	3500 Whittier Blvd, Los Angeles, CA 90023 (26.00%)	1-story storefront office
6	Crenshaw Chamber of Commerce	3701 Stoker St, Suite 306, Los Angeles, CA 90008 (31.49%)	4-story office

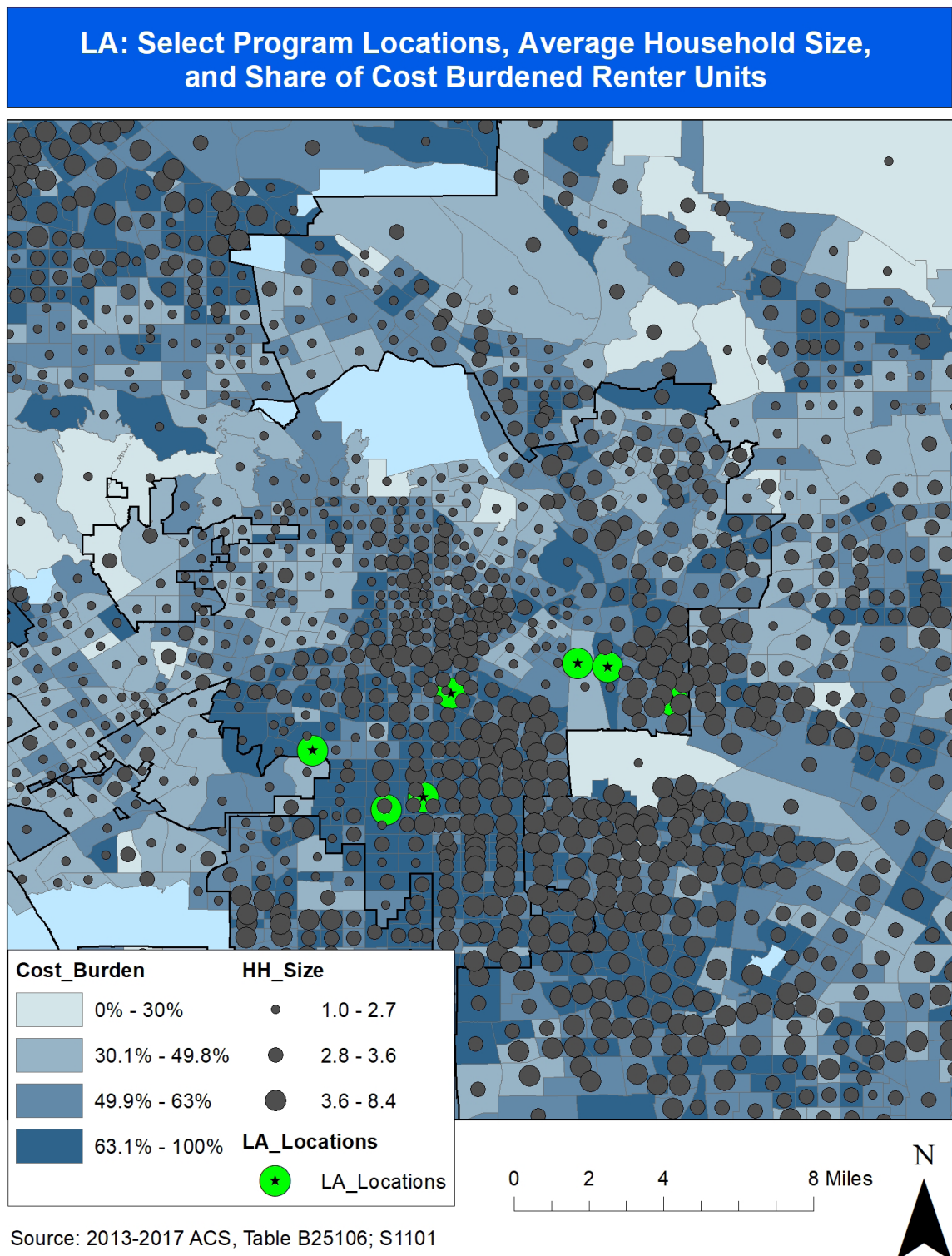
Source: 2013-2017 ACS, Table S1701 (poverty statistics)

¹¹ <http://citylabs.la/> (Accessed 12/30/2018)

¹² <https://www.calfund.org/transform-la/case-studies/grameen-america/> (Accessed 12/30/2018)

¹³ <https://www.crenshawchamber.com/iccc-program.html> (Accessed 12/30/2018)

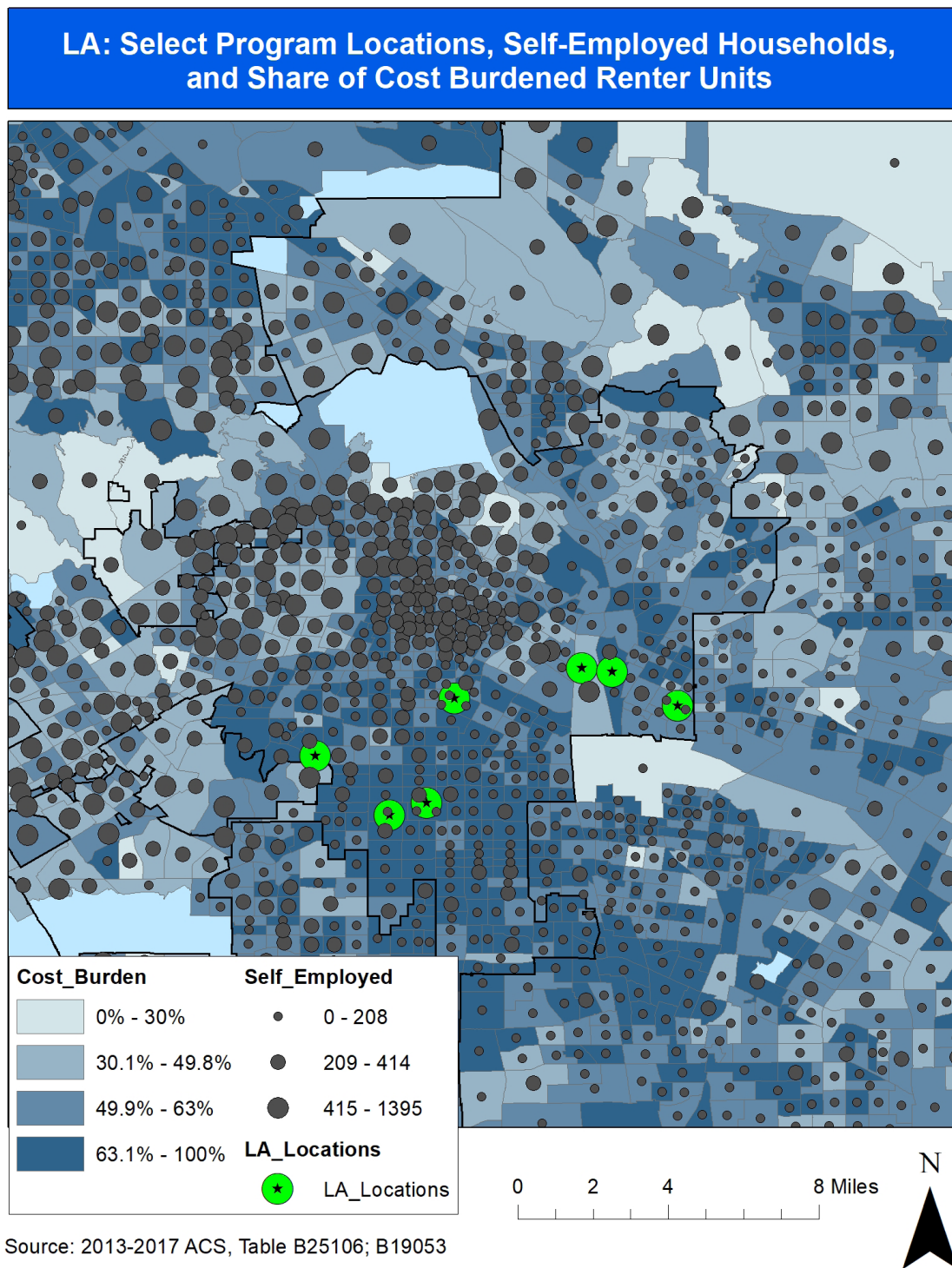
Figure 7. Select program locations in Los Angeles, household size, and share of cost burdened renter units.



Most of the programs are located in areas with medium-size household sizes (2 to 4 people), which may indicate the presence of households with children. The programs are also in locations where renters have a high cost-burden.

	Program Locations	City	Difference
Average HH Size	3.05	2.83	0.22
Cost Burdened Rental Units as Share of Total	63.0%	57.8%	5.2

Figure 8. Select program locations in Los Angeles, self-employed households, and share of cost burdened renter units.



These programs are physically housed in locations with a mix of self-employment rates, with some in areas lower rates and some in areas of higher rates. The program located in the area with the highest rate of self-employment also boasts a low housing cost-burden for renters.

	Program Locations	City	Difference
Share of Self-Employed HHs	13.9%	18.8%	-4.9
Cost Burdened Rental Units as Share of Total	63.0%	57.8%	5.2

COWORKING

As in other markets, the programs and facilities highlighted offer a variety of resources to low-income entrepreneurs, chiefly access to capital, which is often cited as the primary barrier to success. However, not all offer physical space for the businesses they serve to operate – produce, distribute, and/or face clients.

Table 12. Select program locations in Los Angeles and Coworking or other physical space offered

#	Program Name	Coworking or other Physical Space Offered
1	The Entrepreneurship Center	Yes
2	Vernon Slauson Economic Development Corporation	Yes ¹⁴
3	La Ketz Innovation Campus	Yes
4	City Labs Boyle Heights	Yes
5	Grameen America Los Angeles	No
6	Crenshaw Chamber of Commerce	No

With this, there are affordable Coworking and physical space options for low-income entrepreneurs. One example is WE Labs (Work Evolution). Located in Long Beach, WE Labs offers well-designed space, similar to that seen at WeWork, for a much more affordable price.

CO-LIVING

Co-living is becoming more common in Los Angeles, where the price of housing is extremely high. However, it is mostly appealing to younger, single professionals and entrepreneurs. Below is a sampling of co-living offerings in Los Angeles.

Table 13. Select program locations, prices, and detail.

#	Program Name	Price	Detail
1	Podshare	From \$40 per night to \$1,000 per month	Members have access to pods (bunks) in five locations throughout Los Angeles; mainly targeting new or transitioning residents in need of affordable housing
2	The Aviato Club	From \$175 per week to \$850 per month	Three locations in the Los Angeles metropolitan area. Offers both co-living and Coworking space.
3	Star City	From \$1,300/month to \$2,050/month	Offers relatively affordable co-living in popular, expensive areas of the metropolitan area; the company's mission is to house the "middle", which includes entrepreneurs; looking at developing co-living for families. ¹⁵
4	HubHaus	From \$890/month to \$1,750/month	A collection of houses throughout Los Angeles; applicants are matched with other tenants based on availability and interests; includes networking with all HubHaus residents

¹⁴ Operates a Business Resource Center that functions similar to a Coworking space

¹⁵ <https://starcity.com/families> (Accessed 12/30/2018)

MARKET PROFILE: MIAMI

Miami has attracted a dizzying array of business accelerators, equity investors, funding entities, and international workforce development programs. Most of these programs are not targeted specifically at low-income entrepreneurs, however. The focus appears to be on specific high-growth industries like tech and health, with significantly less attention paid to small businesses working in marginal industries with basic services and products.

Table 14. Select programs in Miami.

#	Program Name	Program Details
1	Network for Teaching Entrepreneurs (NFTE) Miami	NFTE is a national program, with a location in Miami. NFTE is focused on student entrepreneurs, and prepares participants for business success by exposing them to innovation in business, exploring career paths and tech skills, business plan development, and marketing skills. Content is typically delivered within a school setting, and is offered as an intensive curriculum held over a semester. The program is targeted to minority students in middle school through high school.
2	The LaunchPad, University of Miami	The LaunchPad is offered to University of Miami students, and includes free entrepreneurship resources, venture consulting, and one-on-one counseling to student entrepreneurs. The goal of the program is to encourage small business development and growth, and to support student success. Unlike many programs focused on students and founders, the LaunchPad does not demand any equity in the business. The program is housed on the University of Miami campus.
3	The LAB Miami	Functionally a traditional Coworking space, the LAB Miami has an explicit focus on supporting entrepreneurs and small businesses. Additionally, the LAB Miami attracted startup capital from the Knight Foundation and angel investors to convert a 10,000 square foot former warehouse into the program's Coworking space. The space is located in a designated Arts District in the City.
4	VentureCafe Miami	VentureCafe is a global organization with chapters in cities across the world. The VentureCafe Miami chapter is a 501c(3) non-profit organization focused on inclusion and diversity in the tech and innovation business space. The program offers networking, strategic consulting, and partnership assistance.

LOCATION INFORMATION

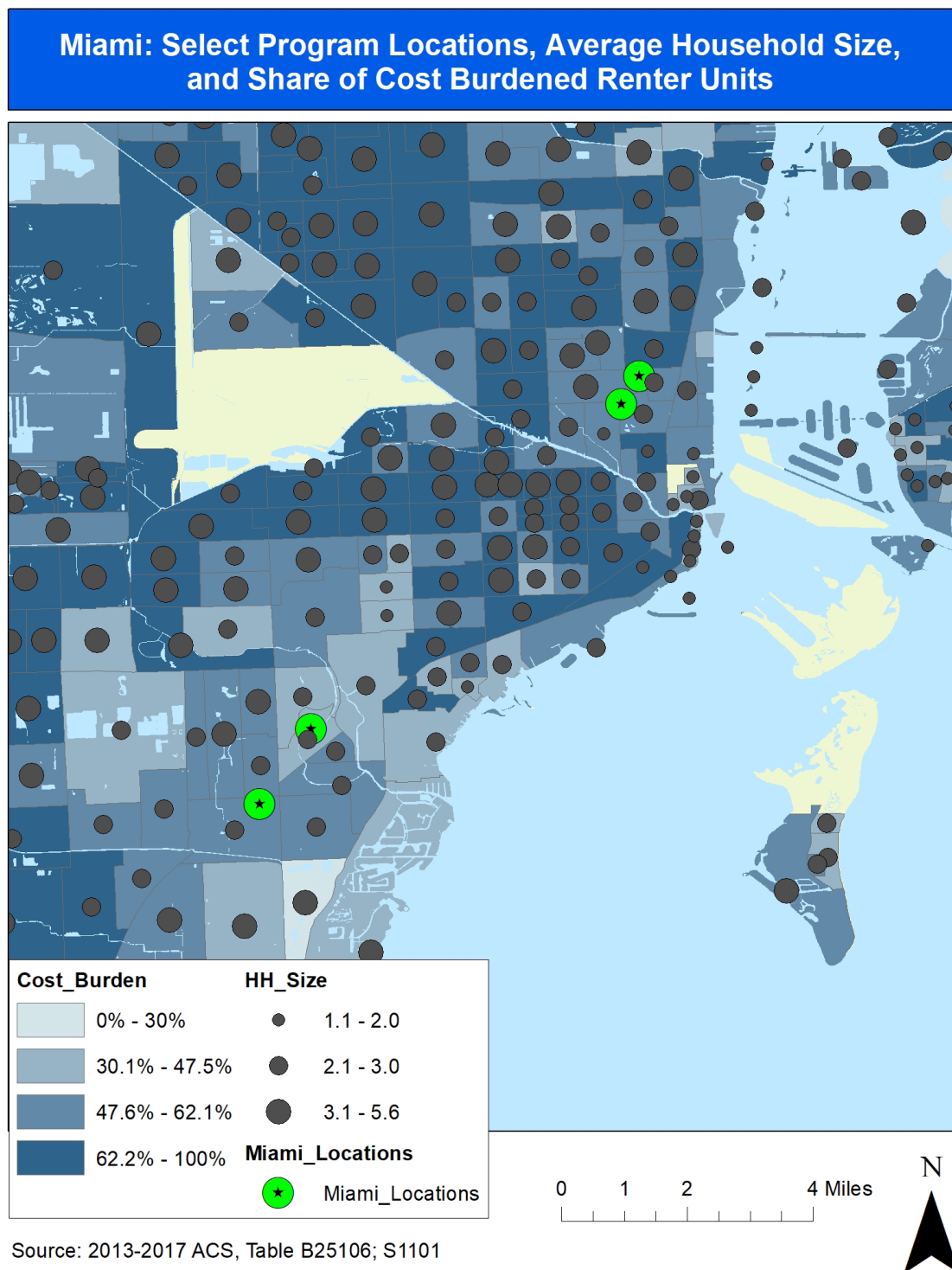
Selected program locations demonstrate real differences in neighborhood quality when considering program focus. NFTE Miami and The LaunchPad do not have an explicit focus on minorities, low-income entrepreneurs, or the creative economy, while The Lab Miami and VentureCafe Miami do. The latter two programs are located in higher poverty census tracts in non-traditional property types, while the former two are located in low poverty tracts on a University campus and traditional office environment.

Table 15. Select programs in Miami, physical location, and poverty.

#	Program name	Location (Poverty %)	Property type
1	NFTE Miami	5901 SW 74th Street, South Miami, FL 33143 (7.26%)	Office
2	The LaunchPad	1306 Stanford Drive, Coral Gables, FL 33146 (16.77%)	University
3	The LAB Miami	400 NW 26th Street, Miami, FL 33127 (43.42%)	Industrial
4	VentureCafe Miami	1951 NW 7th Avenue, Miami, FL 33136 (44.92%)	Office

Source: 2013-2017 ACS, Table S1701 (poverty statistics)

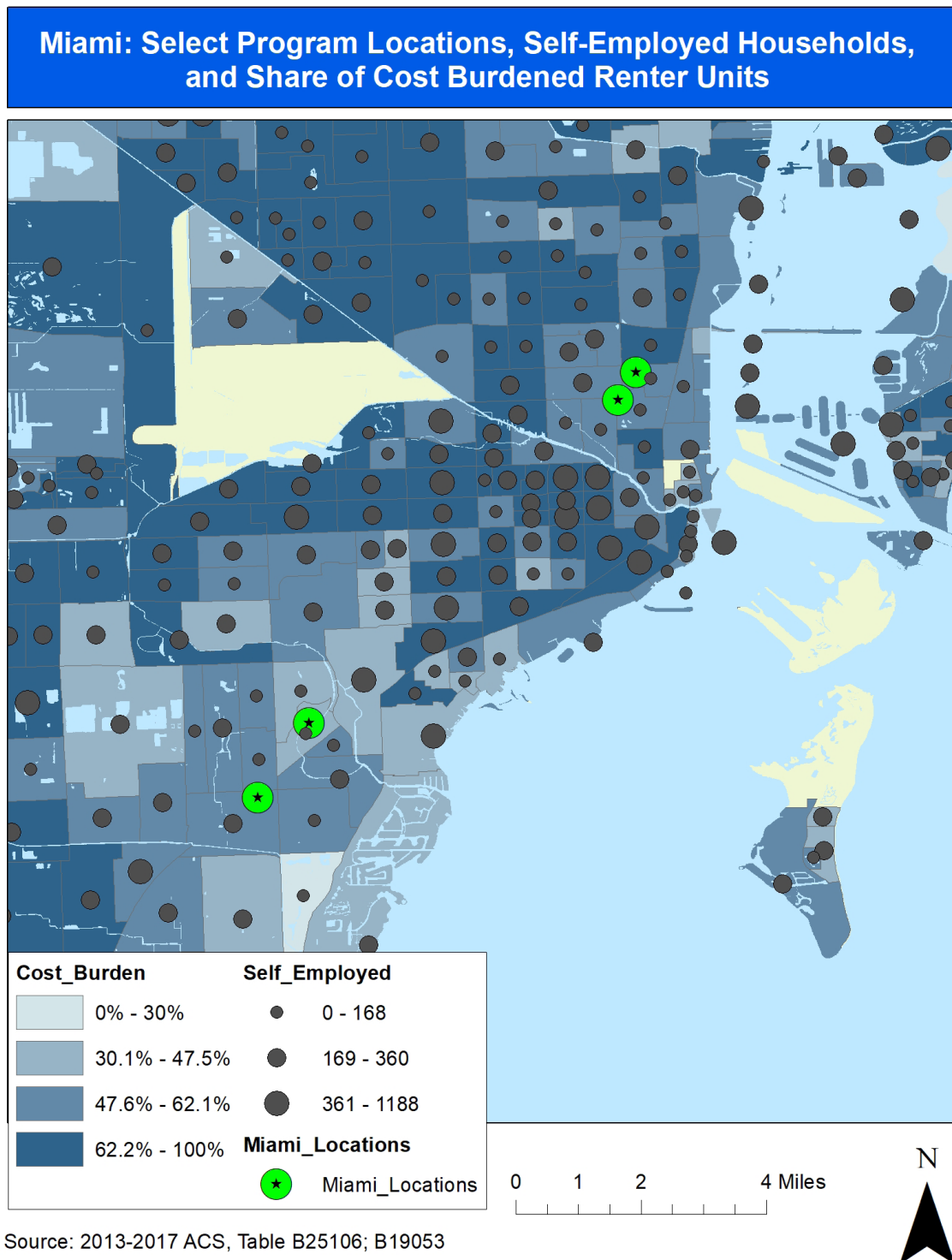
Figure 9. Select program locations in Miami, household size, and share of cost burdened renter units.



The two programs located in the City's southern end are near smaller household size census tracts, in a part of the City with lower rates of cost burden. The Lab Miami and VentureCafe Miami are located in a part of the City with higher rates of cost burden and generally larger households.

	Program Locations	City	Difference
Average HH Size	2.58	2.63	-.05
Cost Burdened Rental Units as Share of Total	51.6%	62.4%	-10.8

Figure 10. Select program locations in Miami, self-employed households, and share of cost burdened renter units.



Selected program locations are located near census tracts with relatively fewer total self-employed households compared to the City overall. This trend stands contrasts with other markets discussed in this report.

	Program Locations	City	Difference
Share of Self-Employed HHs	9.4%	13.0%	-3.6
Cost Burdened Rental Units as Share of Total	51.6%	62.4%	-10.8

COWORKING

The Miami market attracts international and venture capital, has programming geared to international businesses and business owners, and appears to have a focus on the tech and the health care industry in its entrepreneurial programming. Even within this environment, Miami is home to programs geared to small businesses and low-income entrepreneurs. Of the selected programs highlighted in this market research report, two of them have Coworking space available for members. The two, LAB Miami and VentureCafe Miami have an explicit mission of building community, and the Coworking spaces offered by the program are a central feature in this mission.

Table 16. Select program locations in Miami and Coworking or other physical space offered.

#	Program Name	Coworking or other Physical Space Offered
1	Network for Teaching Entrepreneurs (NFTE) Miami	No
2	The LaunchPad, University of Miami	No
3	The LAB Miami	Yes
4	VentureCafe Miami	Yes

CO-LIVING

The co-living market in Miami appears to be nascent but burgeoning. This review identified three co-living options in the City with an explicit focus on affordability and on young entrepreneurs. These programs are offered at approximately \$1,000 per month for a shared room, and include utilities, internet, and community networking events. Some of the programs identified are national organizations with properties in Miami – mirroring a trend seen in the programs discussed earlier. Common Co-Living, for instance, was started in New York City and recently broke ground on two apartments in Little Havana with over 60 rooms starting at \$975 per month. Miami also is home to Roam Miami, a co-living and Coworking concept with locations across the country. Roam’s business model focuses on medium-term stays (around a month), and includes office space with shared bedrooms. Roam Miami is located in a historic building in Little Havana, and costs \$500 per week, all-inclusive.



APPENDIX B

PROJECT PROFILES
An Environmental Scan

PROJECT 1: BARNETT NATIONAL BANK BUILDING, JACKSONVILLE, FLORIDA

This former bank building, with 156,744 square feet of space, will provide affordable housing and business incubator space, in addition to commercial and nonprofit tenants.

Location:	112 West Adams Street, Jacksonville, FL 32202
Property Owner:	Barnett Tower II, LLC
Budget:	Approximately \$49.7M
Timeline:	Construction began in late 2017. Tenants began moving in early 2019 and throughout the year.
Previous use of facility:	The Barnett building was formerly a commercial bank building but has remained vacant since 2002. It is an 18-story, 220-foot tall building with a lot size of 57,290 square feet.
Adaptive Reuse of facility:	Mixed-use building with affordable housing and business incubator. Affordable housing will make up 20% of loft and apartment rentals, and incubator space will be facilitated through the Coggin College of Business, University of North Florida. The school will provide workspace and labs to nurture 50 new businesses annually as part of the Small Business Development Center's mission.
Facility square footage:	156,744 square feet

Financing Summary		
Financing Type	Y/N	Comments
NMTC	Y	\$28M-from three entities: \$10M from Enhanced Community Development; \$10M from Urban Action Community Development; and \$8M from Local Initiatives Support Corporation
LIHTC	N	
Historic Tax Credits	Y	\$7M from USBCDC
Conventional Financing	Y	\$16.6M of senior debt from U.S. Bank; \$9.4M from USBCDC
Government Funding	Y	\$4M from city of Jacksonville
Private equity from developer	Y	\$9.3M
Deferred fee	Y	\$2.3M
Prepaid tenant leasehold improvements	Y	\$1.3M

Contact Names				
Name	Title	Company	Email	Phone
Steve Atkins	Principal and managing director; manager, respectively	SouthEast Development Group, Barnett Tower II, LLC	satkins@southeastgroup.com	Direct 904-993-1879
Bradley Sher	CFO and President of Government Projects	The Molasky Group of Companies		Direct-585-270-5026 Cell-585-880-8236

Addresses
Barnett Tower II, LLC, P.O. Box 5160, Jacksonville, FL 32247-5160
SouthEast Development Group, P.O. Box 5160, Jacksonville, FL 32247-5160
Danis, 10748 Deerwood Park Blvd #175, Jacksonville, FL 32256
The Molasky Group of Companies, 100 N City Pkwy #1700, Las Vegas, NV 89106

Background:

The 18-story Barnett National Bank Building is located in a severely distressed area and TIF district in Jacksonville's central business district. Built in 1926, the Barnett building is listed on the National Register of Historic Places as a historic landmark.

In 1997, Bank of America purchased Barnett Bank and its assets. Under the new ownership, Bank of America leased the former Barnett National Bank building to smaller companies in the early 2000s until it was fully abandoned in 2002. Due to failed renovation projects during the following years, the building became a shell of its former self.

Both the Barnett National Bank Building and the nearby Laura Street Trio were purchased by Southeast Development Group, a commercial real estate firm based in Jacksonville. Through a joint venture partnership with the Molasky Group, they plan to spend \$90 million in revitalizing these buildings.

Later, the partnership completed a redevelopment agreement with Jacksonville for \$9.8 million in local incentives to complete the project along with the nearby Laura Street Trio. The economic development agreement states the projects must be completed in five years.

The redevelopment of the Barnett Building into a mixed-use center for business development and affordable housing required more than \$28 million in NMTC to underwrite the high cost of the historic rehabilitation and to reduce occupancy costs by at least 20% below market rate for nonprofit tenants.

Plan:

The Barnett Building is undergoing a complete preservation to become the premier mixed-use development in the epicenter of downtown Jacksonville's central business district.

As part of the City of Jacksonville's Community Redevelopment Area Plan, the project will be a LEED certified redevelopment of the historic building that will provide subsidized space and support for early-stage and growing companies. The Barnett building's tenant mix will include the University of North Florida Entrepreneurial Center, which is a business incubator and entrepreneurial development center. The center's mission is to "grow small businesses and create new workforce within the Northeast Florida marketplace." Other tenants include business tenants, JPMorgan Chase's flagship location for North Florida; a locally owned coffee shop; and 108 units of residential apartments.

Renovations on the Barnett took 18 months from the start, totaling 157,000 square feet, including a JP Morgan Chase on the ground floor and mezzanine. On floors three through seven are 40,000 square feet of commercial office space and higher education (University of North Florida). Floors eight through 18 include 107 one- and two-bedroom apartments. The apartments range from 600 to 1,200 square feet with 20%, or 22, affordable to persons at 80% of the AMI.

The Coggin College of Business from the University of North Florida will serve several hundred students in their new satellite classrooms and working labs. They will also create a new "hub" of technologies, business support services, and educational programs with collaborative workspaces, labs, and support services. In addition, it will support the growth of 50 small businesses annually as part of the Small Business Development Center's mission.

The redevelopment will create 440 construction jobs, including 30% accessible to low-income persons, and 65% will pay a Davis-Bacon wage. The project tenants will create at least 95 permanent jobs. Thirty percent of the subcontracting opportunities will be awarded to minority- and women-owned firms.

The initial construction work began internally, focusing on interior structural remediation and improvements, including enhancements to the window systems, environmental clean-up, and bringing the building to compliance with current energy codes.

Concurrent to the revitalization of the buildings, a parking garage will be constructed to serve both commercial tenants and residents of the buildings, as well as the public-at-large. The new garage will include 800 spaces and 8,000 square feet of retail, with completion expected 12 months from start.

Project managers:

National construction management firm Danis;

Ty Scheske, project manager at lone tax credit investor U.S. Bancorp Community Development Corporation (USB CDC)

Finance:

See chart above. NMTC equity will be used on the lower levels of Barnett Tower, and HTC equity will be applied to the entire building.

Notes:

The Molasky Group of Companies, based in Las Vegas, Nevada and SouthEast Development Group, LLC of Jacksonville, Florida bring together expertise in complex real estate development programs, including new construction, historic preservation, tax credit financing, and Public-Private-Partnerships.

Links
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PROJECT 2: JOBS CAFE AT FINDLAY MARKET, CINCINNATI, OHIO

Adaptable reuse project that consists of 11 historic properties that were commercial and residential use, located in a three-block area adjacent to Findlay Market, (Cincinnati's Over-the-Rhine neighborhood). The project will provide 91,000 square feet of business incubator, affordable housing, office, retail, and restaurant space.

Location:	Findlay Market: 1801 Race St, Cincinnati, OH 45202, (Over-the-Rhine neighborhood).
Property Owner:	The Model Group (TMG) acquired the properties over a two-year period beginning in 2014.
Budget:	\$27M
Timeline:	Property was purchased between 2014-2016. The last placement in service date for the project occurred in December 2018.
Previous use of facility:	These historic buildings had mixed use—commercial and residential. Since 1930, half of the historic buildings in the area had been vacated and/or destroyed.
Adaptive Reuse of facility:	Project includes: social enterprise restaurant; storefront and pop-up space for entrepreneurs; retail space for food vendors; office space; and affordable and market-rate residential units, with preferred consideration given to participants of a workforce development program.
Facility square footage:	91,000 square feet

Financing Summary		
Financing Type	Y/N	Comments
NMTC	Y	\$8.5M NTCIC Financing; \$666K state NMTC
LIHTC	N	
Historic Tax Credits	Y	\$3.2 (federal); \$2M (state)
Conventional Financing	Y	\$7.6M
Government Funding	N	
Sponsor Equity	Y	\$5M

Contact Names				
Name	Title	Company	Email	Phone
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Jason Chamlee	Project Manager	The Model Group		513-559-5896

Addresses
The Model Group Model Group, 1826 Race Street, Cincinnati, Ohio 45202
NTCIC, 1155 15th St NW #300, Washington, DC 20005
Port of Greater Cincinnati, 3 E 4th St #300, Cincinnati, OH 45202
Ohio Capital Corporation of Housing, 88 E Broad St # 1800, Columbus, OH 43215

Background:

The project buildings were vacant, historic buildings within the historic Over-The-Rhine (OTR) neighborhood of Cincinnati. OTR is one of the largest, 19th-century urban historic districts in the U.S. and is believed to contain the nation's largest contiguous collection of 19th-century Italianate Architecture. Most were originally built by German immigrants from 1865 to the 1880s. The neighborhood is highly distressed with a median income of 11% of the AMI, 71% poverty rate, and a 24% unemployment rate.

Findlay Market is Ohio's oldest and Cincinnati's last remaining municipal market. It is also a public gathering space. OTR is a walkable, historic neighborhood.

OTR has suffered from significant neglect. The National Trust for Historic Preservation named OTR one of the 11 most endangered historic places in America. National Trust Community Investment Corp (NTCIC) identified the project as significant due to the structural and economic benefits from historic rehabilitation, in addition to the breadth of experience represented by the project's team.

In 2016, Urban Action Community Development (UACD), a Baltimore-based community development entity, provided \$3.4 million in NMTC to finance the Kitchen at Findlay Market. As a follow-up to the first, successful investment, UACD provided \$7 million in additional NMTC financing for the Jobs Café at Findlay Market.

Plan:

The LEED certified redevelopment includes eight mixed-use apartment buildings containing 68 units (56 income-restricted) and 22,687 square feet of commercial space, grade-level retail, and one office building.

The residential mix includes 22 studios, 32 one-bedrooms, 8 two-bedrooms, and 6 two-bedroom townhomes for individuals and families at a mix of income levels that includes: 30% restricted to households at 120% of AMI; 26% at 80% of AMI; and 44% at market-rate. All units will provide high-quality amenities such as quartz countertops, stainless steel appliances, in-unit washers and dryers, brick, hardwood floors, and secure entry. Some have a common outdoor space/courtyard, others have roof decks.

Jobs Café, a social enterprise restaurant, operated by the Corporation for Findlay Market (CFFM) and CityLink, a job-training, social service provider, is a 2,360-square-foot café and job training facility open to the public. The cafe will train and place 75-100 people annually in living-wage culinary jobs in Cincinnati, including new restaurants in the immediate neighborhood. As a social enterprise, the Jobs Café space will be 100% subsidized. The restaurant will only be responsible for its operating costs. All profits will be reinvested in programming.

In 2015, CFFM opened The Kitchen at Findlay Market, a commercial kitchen for local food entrepreneurs. The Kitchen is a nonprofit that supports local new and existing food entrepreneurs. This project will add 3,465 square feet for subsidized retail locations for up to three Kitchen graduates.

Lastly, there will be an additional 31k square feet for commercial and office space. The Model Group has moved their main office to the site to more readily manage the properties.

OTR has received national attention for its extreme poverty and violence, and more recently for its dramatic transformation and development.

TMG strongly believes in the neighborhood's potential and is committed to positively transforming the community. The vision for neighborhood redevelopment is to create a Market District that is a vibrant, mixed-use, mixed-income neighborhood anchored by Findlay Market.

Project managers: CFFM manages the day-to-day operations, leasing, community programming, and marketing for the Findlay Market and the Findlay Kitchen. The Model Group manages the properties.

Finance:

The Port Authority's contribution to the project funding was through its Capital Lease program that facilitated savings of state and local sales tax on construction materials.

Notes:

Developer, The Model Group ("TMG") is one of the most experienced developers in Cincinnati, providing services that transform buildings, neighborhood blocks, and ultimately communities. These transformations become the catalysts for the continued momentum of broader neighborhood revitalization strategies. The General Contractor is an affiliate of TMG with 30 years of experience in the local market and has completed dozens of similar scale adaptive reuse projects in Cincinnati. The Property Manager manages nearly 2,000 units across 30 properties.

Links
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https://www.uacdcde.com/projects/jobs-cafe-at-findlay-market/
https://www.reinvestment.com/success-story/jobs-cafe-findlay-market/

PROJECT 3: HAHNE CO. BUILDING, NEWARK, NEW JERSEY

The 441k-square-foot Hahne's department store redevelopment project blends affordable housing with retail, commercial, and educational spaces, including art incubators, to catalyze economic development, create jobs, and reestablish Newark's identity as an arts and commerce center.

Location: 50 Halsey St, Newark, NJ 07102

Property Owner: Hanini Group and 609 Holdco LLC (an affiliate of L+M Development Partners Inc.)

Budget: \$174M

Timeline: Groundbreaking June 2015 and reopened in 2017.

Previous use of facility: Hahne & Co was a major department store on a 2.3-acre lot.

Adaptive Reuse of facility: Affordable housing, art incubators, retail, commercial, and office space.

Facility square footage: 441,000 square feet

Financing Summary		
Financing Type	Y/N	Comments
NMTC	Y	\$67M private equity and tax credit equity from Goldman Sachs
LIHTC	Y	
Historic Tax Credits	Y	
Conventional Financing	N	
Government Funding	Y	\$66M New Jersey Housing and Mortgage Finance Agency (from HMFA) and \$40 million from the New Jersey Economic Development Authority
Private funding	Y	\$50M Prudential Financial

Contact Names				
Name	Title	Company	Email	Phone
Jonathan Cortell	VP	L+M Partnerships		
Amer Hanini	Business Development Manager	The Hanini Group	amer@hanini.com	973-878-1886

Addresses
Hanini Group, 87 Halsey St, Newark, NJ 07102
L+M Development Partners, 419 Park Avenue South, Floor 18, NY, NY 10016

Background:

Built in 1901 with a four-story atrium, the Hahne & Co. Building served as the retailer's flagship store until it closed in 1986. The building, listed on state and national registers of historic places, has been vacant ever since.

Plan:

The public-private partnership redeveloped the historic Hahne & Company Department store building to provide more than 75,000 square feet of retail, 160 residential units, including affordable housing, and 100,000 square feet of

commercial, community, and office spaces. The project preserved key elements of the structure and also included a six-story addition, as well as underground parking.

Newark's first Whole Foods grocer leased 30k square feet of space, and Rutgers University leased 57k for their Arts Department. The arts and cultural center for Rutgers University provides studio, classroom, and gallery space for campus arts programs in partnership with Newark artists, schools, and other institutions.

The arts center will be called "Express Newark," and will include an arts incubator, media center, design consortium, print shop, portrait studio, lecture hall, as well as new exhibition and performance spaces for artists. It is part of a plan to cultivate local artistic expression through artistic engagement and public scholarship. The building will also host the university's Institute of Jazz Studies. The university has reached out to community partners to collaborate on the project.

The development will contain 160 residential units, 40 percent or 64 units of which will be set aside as quality, affordable housing for low-income and working families (54 reserved for 60% AMI or below, 10 for 40% AMI).

The complex also has a Petco, CitiMD urgent care doctor's office, Barnes & Noble, an upscale restaurant, and other businesses.

Developers:

L+M Development Partners Inc., Crawford Street Partners

Finance:

The historic building was divided into separate condominium structures based on the primary use of each component (residential and two commercial condos). Each component then was eligible for tax credits from different programs, including low-income housing tax credits, historic tax credits, and new market tax credits. Each of the commercial condos received allocation(s) of new markets tax credits from an affiliate of New Jersey Community Capital and/or an affiliate of Goldman Sachs. The use of new markets tax credits enabled the project to lower the rental burden for its tenants.

The renovation was financed through a partnership among public, nonprofit, and private groups. The sources of funding include: \$66 million from the New Jersey Housing and Mortgage Finance Agency (HMFA); \$40 million from the New Jersey Economic Development Authority; \$67 million of private equity and tax credit equity from Goldman Sachs; as well as financing from Prudential Financial, Citi, and sponsor equity.

In addition, the project received support from several nonprofit finance organizations, including New Jersey Community Capital, the Low Income Investment Fund, and The Reinvestment Fund. The project also received a tax abatement approved by the City of Newark.

Citi Community Capital, Morgan Stanley, and three community development financial institutions provided debt for the project.

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https://www.livehahne.com/retail/

PROJECT 4: SIBLEY SQUARE, ROCHESTER, NEW YORK

Sibley Square is a 1.1M-square-foot former department store building. The project provides affordable housing, offices, services, retail, and incubators.

Location:	250 Main Street Rochester, NY 14604
Property Owner:	WinnDevelopment
Budget:	\$200M
Timeline:	Project began in 2013. Apartments were leased in 2018.
Previous use of facility:	Sibley's was a one-of-a-kind department store.
Adaptive Reuse of facility:	Affordable housing for seniors, market rate housing, retail, professional offices, health care services, and business incubators for high-tech research and development.
Facility square footage:	1.1M

Financing Summary		
Financing Type	Y/N	Comments
NMTC	Y	\$42.51M from four community CDE's (\$20M from RBC Community Development, \$12.4M from Urban Research Park CDE, and \$8.35M from Community Impact Capital). PNC Bank, N.A. was the tax credit investor and also provided \$2.76M through its affiliated CDE
LIHTC	Y	
Historic Tax Credits	Y	\$13.7M-state and federal
Conventional Financing	Y	
Government Funding	Y	\$1.8M in loans from the City of Rochester and its Community Development Authority

Contact Names				
Name	Title	Company	Email	Phone
Edward Cafasso	SVP Communications	WinnCompanies	ecafasso@winnco.com	617-455-9651

Addresses
WinnCompanies, 6 Faneuil Hall Market Pl, Boston, MA 02109

Background:

Built in 1906, the Sibley Square building was the former flagship location for Sibley's department store, the largest retail destination between New York City and Chicago in that era. It has a distinguishing copper-topped clock tower, added in 1924, and Baroque and Renaissance style details. The tower was known as the Tea Room, an elegant dining area.

Sibley's was innovative, and their flagship store had a grocery and butcher shop, art gallery and portrait studio, bridal bureau, and a Toyland. They also had an annual scholastic art exhibition for half a century, Christmas pageants, and an annual gala benefitting the Kidney Foundation. The tone of the project reflects the heart of Sibley's.

Sibley's was acquired in 1986 and in 1989, Kaufman's, now Macy's, moved in. Monroe Community College occupied much of the building but then later moved. WinnDevelopment, owner of the property since 2013, began evaluating the building for a mixed-use, urban center that would include residential apartments.

WinnDevelopment wisely invited former Sibley staff and customers to join them in celebrating the launch of the newly renovated building, calling the event a “Sibley reunion.”

In 2014, the building was listed on the National Register of Historic Places. Sibley Square is in a depressed area where the unemployment rate is 20.8%, and the poverty rate is 58.3%.

Plan:

To manage this project effectively, they created a separate legal entity, referred to as a condominium, for each section of the building based on use. So, for example, there is affordable housing, market-rate housing, and soon there will be workforce housing (Sibley Lofts). WinnCompanies is about halfway through a 10-year plan to redevelop the 1.1M-square-foot Sibley building. On May 29, 2018, there was a ribbon-cutting for the opening of Landmark, a 72-unit, pet-friendly project offering one- and two-bedroom apartments for seniors with incomes between 50 and 90% of the AMI. There is a total of 176 apartments completed to-date.

The completed redevelopment will house 104 market-rate apartments, 72 affordable, senior units, and more than 500,000 square feet of commercial space that will include a first-floor food hall.

Sibley Square has curated a community focused on innovation, incubation, and education that has transformed the building into a mixed-income, mixed-use project offering commercial, residential, educational, and recreational uses.

Located on the sixth floor is NextCorps headquarters, a nonprofit, business incubator and accelerator for high-tech start-up companies. It offers co-working space, traditional office space, state-of-the-art labs, conference rooms, a 3D prototyping lab, auditorium, and a 10,000-square-foot green rooftop.

NextCorps’ mission is to be a catalyst for entrepreneurship and innovation-based economic development. They provide a suite of services, including technology commercialization for very-early-stage opportunities, business incubation for high-growth-potential startups, and growth services for existing manufacturing companies seeking to improve their top- and bottom-line performance. There is also an incubator for photonics companies.

In 2016, WinnCompanies planned to launch a kitchen incubator, which is still in the planning stages as they seek municipal approvals. It will provide a shared commercial kitchen with 14 kitchen stations and shared-use storage areas, and kitchen use for pop-up food events to test concepts. The Kitchen will provide mentoring, workshops, and training and already has a list of 152 food entrepreneurs, from food truck operators and bakers to start-ups, interested in using the facility. It expects to serve 30 food businesses and generate 60 jobs in the first year, and nearly double those numbers in the second. Projections confidently boast the project will be in the black by its second year. Targeted participants are those living in the most distressed areas of Rochester.

In May 2018, the Preservation League of New York State selected Sibley Square in Rochester to receive the Excellence in Historic Preservation award.

Project managers:

WinnDevelopment

Finance:

Sibley Square’s \$200 million, 10-year renovation will include LIHTC, HTC, and NMTC equity investments. The project received funding from local and state resources including an Empire State Development loan, the Upstate Revitalization Initiative and Regional Economic Development Council, NYSEDA’s “Cleaner, Greener Communities” grant program, and Brownfield Remediation funds. The adaptive reuse of this historic building will be constructed to LEED Silver standards.

Notes:

Kitchen incubators are a trend in the food industry. A 2016 survey of U.S. kitchen incubators/accelerators by Econsult Solutions Inc. found more than 200 kitchen incubators in the U.S. They operate in 39 states and are frequently located in urban areas.

Winn Development is an award-winning national leader in adaptive reuse of historic properties and landmark structures. During the past three decades in Mid-Atlantic and the Northeast, they have transformed 28 historic properties into more than 3,100 units of mixed income housing in mixed use communities and completed the largest deep energy retrofit of an existing affordable housing development in the nation.

Sibley has begun a new project to provide workforce housing. As a separate condominium, it did not receive NMTC. It will provide an additional 104 units. Its financing structure is noted below:

Sibley Lofts Sources	
Tax Credit Equity - LIHTC	5,092,498
Federal Historic Tax Credits	4,348,041
Syndication Funds	91,250
HFA First Mortgage	5,950,000
NYSHCR Subsidy	13,106,854
City of Rochester/Empire State Development Restore NY	1,190,000
City of Rochester - Program Funds	310,000

Links:
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PROJECT 5: ARCADE APARTMENTS, ST. LOUIS, MISSOURI

The 19-story, Arcade Apartments project is a historic rehabilitation of a 500,000-square-foot architectural landmark for mixed-use, mixed-income purposes, including affordable housing/art incubators, market-rate housing, commercial and office space.

Location:	800 Olive St, St Louis, MO 63101
Property Owner:	Dominium Development
Budget:	\$118M
Timeline:	Work began in August 2014 and was completed in December 2015.
Previous use of facility:	An architectural landmark in downtown St. Louis, originally offices and retail, Arcade was once known as the largest indoor shopping mall in the country, as well as the largest concrete structure in the world.
Adaptive Reuse of facility:	Combination affordable housing/art incubators, as well as market-rate housing, an art gallery, and office and class space for Webster University. The mixed-use, mixed-income project features 202 affordable artist lofts, 80 market-rate apartments, underground parking, and 55,000 square feet of commercial and office space leased to Webster University for 20 years.
Facility square footage:	500,000 square feet

Financing Summary		
Financing Type	Y/N	Comments
NMTC	Y	
LIHTC	Y	4% (\$6.8M)
Historic Tax Credits	Y	\$5.1M
Conventional Financing	Y	\$9.9M construction loan from CDLI
Government Funding	Y	

Contact Names				
Name	Title	Company	Email	Phone
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Kris Jensen	Consultant	Tunheim	kjensen@tunheim.com	
Maddie Renneke	Consultant	Tunheim	mrenneke@tunheim.com	

Addresses
PARIC, 77 Westport Plaza, Suite 250, St. Louis, MO 63146
StandPoint, 4818 Washington Blvd, St. Louis, MO 63108

Background:

The Arcade Building is a 19-story, 500,000 square foot building in the heart of St. Louis, Missouri. It consists of two buildings merged. The first was built in 1906 and the second in 1919. It was once the world's tallest reinforced concrete building and prior to renovations, was still structurally sound. It is an example of the Gothic Revival architectural style.

The building was first opened as an eight-story interior shopping gallery and later included office space when the second building was built and adjoined.

The Arcade was closed in 1978 and became the largest, vacant building in downtown St. Louis. As a result, there was significant damage throughout the building.

In 2003, the Arcade Building was listed on the National Register of Historic Places.

Dominium purchased the property in 2014.

Plan:

The project is aimed at turning a vacant, 100-year-old office and retail behemoth into a mixed-income, mixed-use community for artists and urban dwellers with good walkability in the area. This is the largest housing development in downtown St. Louis in the last 50 years. Many historic details will remain, including carved marble, vaulted ceilings, and some of the original store signs. Renovations feature 282 total units; including 202 artist lofts, 80 market units; and 55k square feet of commercial space that includes a street-level art gallery, three floors of underground parking, and three lower-level floors occupied by Webster University.

The first two floors and mezzanine house the new Webster University classrooms, a community kitchen, an art gallery, and a 170-seat auditorium.

The building has 202 residential, incubator units for artists, with income restrictions and a required commitment to a form of art, that may include anything from sculpting to writing to makeup artistry. The artists will have living space and studio space, so they can work and live there. There will also be 13k square feet of shared artist studio spaces to help create community.

The Arcade meets the needs of artists in the St. Louis market that desire a collaborative and artist-focused community in which to live. The Arcade provides them with opportunities to meet other like-minded artists, as well as many studio spaces to support their own artistic endeavors (including dance, paint, and music studios, among many more). The Arcade community offers affordable rents that are more than \$300 below market rents for the area.

It also includes 80 luxury units that rent at market rates. The 19th floor rooftop has a terrace and clubroom, accessible to all residents. Residents include young professionals, millennials, and recent retirees.

The Arcade is currently 100% leased with a waiting list.

Webster's college campus supports good-paying jobs and provides classes for more than 4,000 people annually.

The Arcade project won the St. Louis Landmarks Association's Most Enhanced Award, the Preserve Missouri Award from the Missouri Preservation Association, was nominated for Reader's Choice Award by the Affordable Housing Finance Magazine and was a finalist for the 2016 Mid-America Class Keystone Award.

General Contractor:

PARIC

Finance:

Minneapolis-based Dominion Development acquired the Arcade from the city's Land Clearance for Redevelopment Authority for about \$9.5 million.

Dominion arranged financing from 12 different sources. The largest financing partners were BMO Harris Bank and U.S. Bank. U.S. Bank committed approximately \$77 million in equity to secure their investment in the Federal Low-Income Housing Tax Credits, Federal Historic Tax Credits, and New Markets Tax Credits. U.S. Bank also provided a \$35 million construction loan to help finance the major renovation.

The project also received financial support from the Land Clearance for Redevelopment Authority, St. Louis Development Corporation, the Missouri Housing Development Commission, and the MO Department of Economic Development (DED). Bridge and permanent financing were provided by BMO Harris Bank in addition to a permanent loan from Cornerstone Real Estate Advisors (Mass Mutual). The city provided a \$4.8 million loan.

Very few projects in the country combine a college campus with affordable housing, and even fewer combine LIHTC with NMTC and federal and state HTC. This, along with its mixed income and mixed use, makes Arcade a very unique project.

Notes:

PARIC, one of the largest privately held, St. Louis-based companies, established in 1979, specializes in commercial and interiors, education, healthcare, historic and urban redevelopment, hospitality, and entertainment, municipal, science and technology, senior living, and sports complexes.

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PROJECT 6: THE PIZITZ, BIRMINGHAM, ALABAMA

The 225,000-square-foot Pizitz building was previously a department store and now provides affordable housing, market-rate housing, office and kitchen incubators, retail space, and shared, community space.

Location:	1821 Second Ave North, Birmingham, AL 35203
Property Owner:	Bayer Properties, Wisznia Architecture and Development, and Stonehenge Capital
Budget:	\$66M
Timeline:	Completed in late 2016.
Previous use of facility:	The Pizitz building was built in 1923 and was once a flagship, department store.
Adaptive Reuse of facility:	The Pizitz building is anchored in art, healthcare, and education. Six of the seven stories of the building will provide 143 units for multi-family housing, 20% of which will be affordable housing. The first level will offer 11,000 square feet of office incubator space.
Facility square footage:	225,000 square feet

Financing Summary		
Financing Type	Y/N	Comments
NMTC	Y	\$23M through the National New Markets Fund; \$7.7M from U.S. Bancorp Community Development Corp (USBCDC)
LIHTC	N	
Historic Tax Credits	Y	\$11.9M federal tax credit equity from USBCDC
Conventional Financing	Y	\$10M Bridge loan from IberiaBank for federal and state HTC's; \$27.4M first mortgage from Highland Commercial Mortgage, insured by HUD's Section 220 program; and \$1.9M streetscape grant
Government Funding	Y	\$3.2M HUD Section 108 loan through the city of Birmingham's Community Development Block Grant program; and a \$1M construction materials sales tax abatement through the downtown redevelopment authority in conjunction with the city of Birmingham

Contact Names				
Name	Title	Company	Email	Phone
David Silverstein	Principal	Bayer Properties		205-999-6910
Calvin Barrow	VP	Stonehenge Capital	cjbarrow@stonehengecapital.com	
Thomas Adamek	President	Stonehenge Capital	tjadamek@stonehengecapital.com	225-408-3250

Addresses
Bayer Properties, 2222 Arlington Ave S, Birmingham, AL 25205
Novogradac & Co., LLP, 25 N Market Street, Suite 218, Jacksonville, FL 32202
Stonehenge Capital, 707 W Azeele St, Tampa, FL 33606

Background:

The Pizitz building was built in two phases between 1923 and 1925 and served as the Pizitz flagship department store until the company left in the 1980s. Since then, it remained vacant until Bayer Properties purchased and renovated the property.

Plan:

This renovation provides housing, creates jobs, fosters small business growth, generates revenue, and brings healthy food options to an economically underserved community.

The building provides market-rate and affordable housing, totaling 143 units with 20% income-restricted.

The mezzanine level offers incubator space with cubicles, conference rooms, workstations, shared common areas, and kitchen space. The co-working space is called Forge. Pizitz will offer beta office space, which is targeted to serve start-ups who may wish to rent space for shorter periods of time.

Pizitz's ground floor houses restaurants and other retail space, including a public urban market. The urban market helps local vendors and entrepreneurs grow their businesses by renting space with favorable lease terms. The Pizitz Food Hall is home to 13 food stalls, two full-service restaurants, and the Louis bar.

There is a stall supported by REV Birmingham that serves as an incubator for up-and-coming restaurateurs. The chefs rotate to allow their names and food to be elevated in the community.

The building is also the future home of the Sidewalk Film Festival with two, 100-seat theaters.

The project is on track to be LEED certified.

Pizitz was named the Best Historic Project in 2018 by Marvin Architects Challenge.

Developer:	Bayer Properties
Architect:	Wisznia Architect & Development, Creature Architects, KPS Group, Rule Joy Trammell + Rubio
Tax Credit Advisor, Development Partner:	Stonehenge Capital
Predevelopment lender:	Servis1st Bank
Contractors:	Brasfield & Gorrie, Creature

Finance:

Pizitz generated more than \$13 million in Alabama's state HTC, but could only claim \$5 million because of the program's per project cap. A key part of financing the costly refurbishment, such as the terra cotta façade from the 1920s era, was financed through state historic tax credits. Silverstein indicated that without those credits, the rehabilitation could not have happened. A challenge with the multiple types of tax credits is that these various types of financing do not integrate with one another. The HUD loan provided a longer amortization than would have been offered through conventional financing; however, it added significant time to the financing approval process. HUD is much slower than conventional lenders. They also sought to have Alabama offer state historic tax credit. Silverstein had to go through a laborious legislative cycle to have it implemented.

Notes:

A study from Brookings Institution cites the emergence of new urban models called Innovation Districts. Birmingham's Entrepreneurial District has been renamed the Innovation District. The Pizitz, and others like it, provides places where entrepreneurs can meet, mingle, and collaborate, as well as live, work, and play, all in close proximity to like-minded peers.

The districts, by Brookings' definition, are geographic areas where leading-edge, anchor institutions including research universities, hospitals, and companies, cluster and connect with start-ups, business incubators, and accelerators.

David Silverstein indicated they tend to use local, experienced partners when possible, since they have more skin in the game for serving their community.

The residential units are 100% leased. Silverstein attributed part of that to the unique features of the units due to the structure having been a department store. There are high, long windows and tall ceilings.

If we desired to visit the building, Silverstein offered to give a tour.

Links
http://docplayer.net/49040832-After-being-vacant-for-nearly-30-years-a-former.html
https://alabamane.wscenter.com/2018/08/26/pizitz-birmingham-named-best-historic-project-2018/
http://www.madeinalabama.com/2016/10/pizitz/
https://www.bizjournals.com/birmingham/news/2018/12/11/downtown-birmingham-building-wins-award.html
http://www.thepizitz.com/food-hall/
https://www.al.com/business/2014/03/59_million_pizitz_renovation_s.html
https://www.al.com/entertainment/2017/03/the_mystery_behind_that_old_cl.html
https://www.bayerproperties.com/property/thepizitz/

PROJECT 7: CROSTOWN CONCOURSE, MEMPHIS, TENNESSEE

The 1.2M-square-foot, 10-story Crosstown Concourse was originally a Sears regional distribution and retail center, and now offers affordable housing, market-rate housing, retail, and commercial space.

Location:	1350 Concourse Avenue, Memphis, TN 38104
Property Owner:	Crosstown, LLC
Budget:	\$200M
Timeline:	Completed in August 2017.
Previous use of facility:	The Sears building was opened in 1927 as a regional distribution and retail center for Sears Roebuck & Co. Sears built 650,000 square feet in 1927, and then during the next three decades, expanded the facility to a total of 1.5M square feet and a 1,150-space parking garage.
Adaptive Reuse of facility:	A “vertical urban village” of arts, education, wellness, and entertainment. It consists of affordable housing, market-rate housing, a performing arts theater, commercial and office use, art-making labs, a kitchen incubator, and a 500-student high school.
Facility square footage:	1.2M square feet (complex was reduced by 300,000) on 12 acres

Financing Summary:		
Financing Type	Y/N	Comments
NMTC	Y	\$5M; \$51M through CDE’s, (\$12M from Mid-City Community CDE, \$10M from SunTrust CDE, \$10M from DV Community Investment, \$10M from Low Income Investment Fund, \$9M from Midwest Renewable Capital, and \$5M from National Trust Community Investment Corp), \$18M equity investment from SunTrust Community Capital
LIHTC	N	
Historic Tax Credits	Y	\$36.5M equity from Goldman Sachs Urban Investment Group
Conventional Financing	Y	\$80M senior debt led by SunTrust. Other participants include Bancorp South, Cadence Bank, Financial Federal Bank, Independent Bank, Magna Bank, Metropolitan Bank, and Renasant Bank
Government Funding	Y	\$15M from city of Memphis in Brownfields Economic Development Investment funds, HUD Section 108 funds and capital improvement plan dollars; \$5M from Shelby County in public infrastructure capital improvement plan dollars
Contributions/ Philanthropy	Y	\$25M
Mezzanine financing	Y	\$14M
Land/building	Y	\$6.1M
Qualified energy conservation bond	Y	\$2.1M
Delta Regional Authority Grant	Y	\$250K

Contact names:				
Name	Title	Company	Email	Phone
McLean Wilson	Co-leader	Crosstown	mwilson@kwilson.com	901-581-3365

Addresses:

NTCIC, 1155 15th St NW #300, Washington, DC 20005

Concourse, LLC 1350 Concourse Avenue, Memphis, TN 38104

Background:

Crosstown Concourse was one of the last three catalog centers opened by Sears Roebuck & Co. before the Great Depression. The initial building was 650,000 square feet, built in 180 days. It eventually grew to a 1.5M-square-foot complex, including a 14-story tower with a 1,150-car parking garage attached.

After World War II, Memphis' demographics changed. The ground floor retail operations closed in 1983. In 1993, the catalog distribution function ended, and the building was abandoned.

A 2010-2011 feasibility study found no insurmountable structural or environmental problems existed with the complex, which spawned a vision for a rehabilitation project.

In 2011, Memphis Heritage, Inc. identified the Sears Crosstown building as one of the 12 most endangered historic buildings in Tennessee.

A group of local leaders decided to initiate the project. Crosstown Concourse is the largest historic, adaptive reuse project in the state of Tennessee, and is already serving as a catalyst for revitalization and economic development in Memphis.

The area has a 32.9% poverty rate and a 9.4% unemployment rate.

Plan:

A group of community stakeholders, including nonprofit Crosstown Arts, Kemmons Wilson Companies, and others with roots in arts, education, and healthcare decided to repurpose the building as a mixed-use, vertical urban village.

On the building's 90th birthday, Crosstown was reopened to include mixed-income housing units, as well as commercial, retail, education, and healthcare space. Tenants include a public charter school for arts and sciences, a teacher residence/graduate urban education program, a YMCA, health clinics, contemporary art exhibition space, shared art-making facilities, restaurants, shops, a comprehensive cancer treatment center, and a retail mix with fresh market, pharmacy, and restaurants. A 500-seat theater will also be opening soon.

Crosstown Concourse provides 265 apartments consisting of 12 micro units, 24 studios, 64 one-bedrooms, 155 two-bedrooms, and 8 three-bedroom apartments. Of these, 20% are available to households at 80% or lower AMI.

Church Health's facility at Crosstown Concourse includes a 400-square-foot commissary kitchen and incubator resources for professional, healthy food production.

It also runs two medical residency programs at the site.

Crosstown Arts, a 501(c)(3) offers a contemporary art center that includes an artist residency program, multiple galleries, screening rooms, a community-organized exhibition/performance venue, and much more.

It also provides live/workspace for up to 16 residents per session through its multidisciplinary residency program for visual and performing artists, musicians, and writers. All residencies include a private studio workspace. In addition to a private practice space, there is a shared, informal recording studio with standard recording equipment, software, and a basic backline. All residencies are offered at no cost to participants. They are, however, required to participate in a

limited number of public engagement activities (such as informal artist talks, public performance/projects, and open studio events).

SunTrust also leases space at Crosstown, opening a Financial Confidence Center. The center offers financial literacy information and classes to the community at no charge. It also gives free one-on-one counseling on credit and money management, and smart business ownership in partnership with Operation HOPE.

Crosstown was named the Best Historic Project in 2018 by Marvin Architects Challenge. It also received the grand prize from the 2018 Congress for The New Urbanism. This award recognizes projects that revitalize and create “coherent” cities, neighborhoods, and metro regions. The Architectural Review included Crosstown as one of the world’s top 15 adaptive reuse projects.

Crosstown is the largest Adaptive Reuse LEED Platinum building in the world, and just recently won the AIA award in Architecture.

Partner:	Crosstown Arts
Architect:	Looney Ricks Kiss in association with DIALOG
Tax Advisor:	Joel Superfon from Dudley Ventures

Finance:

Financing included 30 sources of funding that had to fit in the NMTC and HTC programs. Tax credits were crucial. In a \$200 million project, they made up \$53 million.

Notes: Crosstown researched the following projects as they devised their plan: Midtown Exchange in Minneapolis, the Ponce City Market in Atlanta, and the Massachusetts Museum of Contemporary Art (Mass MOCA) in North Adams, Mass.

Links
https://ntcic.com/projects/crosstown-concourse/
https://www.curbed.com/2017/9/15/16311604/crosstown-concourse-memphis-redevelopment
https://www.commercialappeal.com/story/money/business/development/2018/05/21/crosstown-concourse-takes-top-prize-new-urbanism-advocates/629945002/
https://crosstownarts.org/residency/about/
https://crosstownconcourse.com/updates/live-work-learn-create
https://www.commercialappeal.com/story/news/local/2017/08/19/big-building-big-party-crosstown-concourse-celebrates-official-grand-opening/581017001/c
https://rebusinonline.com/hff-secures-85m-in-financing-for-crosstown-concourse-in-memphis/
https://www.novoco.com/periodicals/articles/massive-memphis-vertical-urban-village-huge-hit

PROJECT 8: HOLLEY GARDENS, HOLLEY, NEW YORK

Originally a high school (approximately 47,500 square feet on 1.5-acre lot), to be used for affordable senior housing with commercial office space.

Location:	Holley High School, 1 Wright Street, Holley, NY 14470
Property Owner:	Home Leasing, LLC
Budget:	Approximately \$17M; 80% LTV during construction, including real estate and value of tax credits; good portion of construction lender's repayment source is from a 9% LIHTC.
Timeline:	Demolition began the first of January 2019. The project is expected to take 14 months with a conditional COO slated for December 2019. Residential opening for Holley Gardens is targeted for Spring 2020.
Previous use of facility:	Holley High School was a public school (administration, campus, dorms, instruction) with a 1.5-acre lot and 47,383 square feet of living space, built in 1930 and zoned C1. It has been vacant for about 30 years.
Adaptive Reuse of facility:	Affordable apartments for retirees, some designated for those with disabilities; commercial space leased to Holley village for office space
Facility square footage:	47,383 square feet

Financing Summary		
Financing Type	Y/N	Comments
NMTC	N	Insufficient commercial purpose according to CEO @ Home Leasing. NYS has a product called CIF (Community Investment Fund) that is issued from the state that was a better fit for the project.
LIHTC	Y	9% (\$6.8M)
Historic Tax Credits	Y	\$5.1M
Conventional Financing	Y	\$9.9M construction loan from CDLI
Government Funding	N	

Contact Names				
Name	Title	Company	Email	Phone
Nelson Leenhouts	CEO	Home Leasing	Nelson@homeleasing.net	585-246-4111
Jaime Tuozzolo	Vice President, Senior Relationship Manager	KeyBank	Jaime_Tuozzolo@keybank.com	315-477-6063
*Megan Houppert	Development Manager	Home Leasing	meganho@homeleasing.net	Direct-585-270-5026 Cell-585-880-8236
Robert Likes	National Manager of CDLI	Key Bank	Robert_L_likes@keybank.com	801-297-5811
*Kyle J Kolesar (for future projects)	Senior Vice President/Community Development Lending	Key Bank	Kyle_Kolesar@keybank.com	917-368-2299

*Megan and Kyle are the primary contacts for Home Leasing and KeyBank, respectively. Nelson is accessible as well but prefers to refer occasional questions to Megan.

Addresses
Home Leasing, LLC, 180 Clinton Square, Rochester, NY 14604
Key Bank, 100 Public Square, Cleveland, OH 44113
Orleans County Government, 4419 South Holley Rd, Holley, NY 14470

Background:

Holley High School was a public school (administration, campus, dorms, instruction) with a 1.5 acre-lot and 47,383 square feet of living space, built in 1930 and zoned C1. It has been vacant for about 30 years.

In 2013, the school was voted part of Landmark Society of Western New York's "Five to Revive," or Round 5 of the Restore New York Communities' Initiative. Five local landmarks were slotted for preservation due to architectural and historic merit. The initiative was enacted in the FY 2017 State Budget, and the Empire State Development was designated to oversee the program. Nelson Leenhouts, chairman/CEO of Home Leasing (Rochester-based specializing in development, construction, and management of apartment communities in NY, MD, and PA), worked with the village government to propose Holley Gardens.

Plan:

The property is being restored and converted into Holley Gardens, an Adaptive Reuse project. Holley Gardens will include a mixed residential/commercial facility to provide seniors with 41 new, safe housing units with senior-focused amenities and updated, accessible office/meeting space for the community. Housing will cater to low- to moderate-income seniors. Project costs include remediation of \$2 million to cover aging issues, asbestos, and PCB removal.

The development will feature studio and one-and two-bedroom apartments targeting seniors at rent levels at or below 30%, 50%, 60%, and 80% of the area median income. Seven of the units will be available to households where at least one member of the household is a person with a physical disability. These households will be provided with access to supportive services through the Orleans County Office on Aging.

There will also be 6,080 square feet of planned commercial space leased to the Village of Holley for office space.

Holley Gardens is within steps of the local library, restaurants, and services.

Project managers:

Home Leasing and Edgemere Development manage the project collaboratively, along with Glasow Simmons Architecture L.L.P. and Marathon Engineering – all Rochester-based firms.

Finance:

KeyBank Community Development Lending and Investment (CDLI) will provide up to \$21.9 million in total financing to Home Leasing for the historic preservation project. The loan included \$9.9 million for a construction loan, \$6.8 million in Low-Income Housing Tax Credit equity, and \$5.1 million in Historic Tax Credit equity.

Kyle at KeyBank indicated a 9% LIHTC transaction generates significantly more tax credit equity and is less complex in terms of financing than NMTC. Typically, he sees NMTC being used in combination with historic credits in large scale rehabs of high impact sites for community development.

Rob Likes is national manager of the CDLI team. Jaime Tuozzolo and Ryan Olman, both vice presidents and senior relationship managers on the CDLI team, worked on the financing.

New York State Homes and Community Renewal provided a \$3.1 million Housing Trust Fund loan, a \$1 million Community Investment Fund loan, and \$668,515 in annual tax credits. The New York Empire State Development provided a \$1 million RestoreNY grant.

Notes:

Nelson said it generally costs \$400k per unit for an Adaptive reuse project as opposed to \$250k per unit for a new project. The Holley Gardens project took three years from conception to green light. Nelson said the biggest challenge of the project is the high cost. Holley Gardens has been successful, according to Nelson, because NY is generous in supporting affordable housing projects, and the Village of Holley has been extremely supportive also. They are doing upgrades to adjoining sidewalks and other similar improvements, as well as signing a 10- or 15-year lease with Home Leasing for their office space.

Nelson further indicated he generally gets three bank bids (guessing that is typical for any developer) for these types of projects and that one of the most critical elements for success is finding a builder with significant experience in rehabs.

Links
https://orleanshub.com/state-approves-1-million-grant-for-renovations-of-old-holley-high-school/
https://www.thedailynewsonline.com/bdn01/holley-receives-1000000-to-renovate-old-holley-high-school-20180326
https://www.housingfinance.com/news/former-n-y-high-school-to-become-senior-housing_o
https://3blmedia.com/News/KeyBank-Finances-Construction-Affordable-Housing-Low-Moderate-income-Households-Portage-Mi
Article about KeyBank's interest in affordable housing on a national level https://www.nreionline.com/expert-qas/keybank-takes-affordable-housing-lending-national

links for other projects

St Luke's
https://savingplaces.org/stories/in-clevelands-buckeye-st-lukes-hospital-is-again-a-point-of-pride#.XHIO6C2ZOgQ
http://www.wearemoos.org/-buckeye/
http://www.city.cleveland.oh.us/node/5365
http://buckeyeshaker.org/visit/cultural-assets/
https://case.edu/ech/articles/s/saint-lukes-medical-center

Oxford Mills Apartments
http://theoxfordmills.com/apartments/

North Philadelphia building
https://www.philly.com/philly/business/real_estate/20160626_A_long-derelict_N_Philly_building_is_reborn_as_loft_apartments_and_more.html

Highlander in Omaha

https://www.omaha.com/money/north-omaha-area-is-undergoing-a-renaissance-and-highlander-development/article_bd840393-4140-5277-aebb-a90c5bfl0517.html

<https://www.facebook.com/HighlanderOmaha/>

<http://highlanderomaha.com/communityday/>

https://www.architectmagazine.com/project-gallery/the-accelerator-at-highlander_o

<https://livingathighlander.com>

<http://www.seventyfivenorth.org/housing>

<http://www.seventyfivenorth.org/accelerator>

<https://architizer.com/projects/highlander-accelerator/>

<http://www.creighton.edu/highlander/>

<https://www.lundross.com/construction-project/highlander-accelerator>

Warburton Garage in Yonkers

<https://ndconline.org/2013/02/21/yonkers-mayor-mike-spano-to-cut-ribbon-at-warburton-garage/>

<https://dailyvoice.com/new-york/yonkers/business/yonkers-to-welcome-14-million-parking-garage/568103/>

<https://www.lohud.com/story/news/local/westchester/yonkers/2016/06/17/yonkers-developer-continues-demolition/86013384/>

<https://lmdevpartners.com/projects/warburton-riverview/>

<https://www.yonkertribune.com/2013/02/mayor-spano-to-officially-open-warburton-garage-in-downtown-ny-10001/>

http://49northbroadway.com/pdfs/application_cover_letter.pdf

<https://dailyvoice.com/new-york/yonkers/news/yonkers-unveils-downtown-affordable-housing-complex/544498/>

<https://ndconline.org/2013/02/21/yonkers-mayor-mike-spano-to-cut-ribbon-at-warburton-garage/>

Golden Belt in Durham

<https://www.discoverdurham.com/listings/Golden-Belt/1811/>

<https://www.facebook.com/gbartists/>

<https://www.bizjournals.com/triangle/news/2017/07/10/historic-golden-belt-campus-in-downtown-durham.html>

<https://www.lrcprop.com/property/golden-belt/>



APPENDIX C

SKYWAY PLAZA PROPERTY ANALYSIS

Full Crossman and Company Report

SKYWAY PLAZA

1079 62nd AVENUE SOUTH
ST. PETERSBURG, FL 33705



FOR:



PREPARED BY:

INVESTMENT
SALES TEAM



12/6/2019



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- As-Is Rent Roll
- As-Is General Assumptions
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- Anchor Only Cash Flows
- Stabilized Post-Development Valuation
- Stabilized Post-Development Cash Flows
- Stabilized Post-Development General Assessment

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- Sold Comparables

FOR MORE INFORMATION

Brian Carolan
Managing Director

bcarolan@crossmanco.com
office: 407.581.6242
cell: 407.257.2781



PROJECT SUMMARY

PROJECT OVERVIEW ►

Crossman & Company has been engaged by the Florida Housing Coalition to analyze and present our valuation and acquisition strategies related to the proposed mixed-use redevelopment of the formerly grocery-anchored retail center, Skyway Plaza, located in St. Petersburg, FL (Pinellas County).

VALUATION SCENARIOS

1. As-Is Valuation of Entire Shopping Center - Current Market Value
2. Anchor Only - Current Market Value and Stabilized Post-Development Value
3. Entire Shopping Center - Future Market Value of Skyway Plaza Post-Development

As-Is Valuation

The current rent roll was reviewed along with existing market rental rates. These data points were entered into a cash flow model and market discount rates were applied to provide a suggested acquisition price for the entire center between \$4,200,000 and \$4,450,000.

Anchor Only

The currently vacant anchor space was valued between \$1,400,000 - \$1,650,000 based on recent trades of comparable properties. The post-development valuation range of \$5,200,000 - \$5,800,000 makes this scenario challenging considering the estimated financial investment, \$8MM, to complete the mixed-use construction.

Entire Shopping Center

This scenario provides the highest stabilized valuation range of \$13,850,000 - \$14,700,000. It requires a larger initial cash outlay but also provides the owner of the anchor space the benefit of the increased value of the adjoining retail space that is created by the anchor redevelopment.

Conclusions

We believe that the most financially feasible scenario would be to purchase the entire shopping center. The redevelopment of the anchor space will require a significant financial investment. This redevelopment will generate more demand and higher market rental rates for the adjoining retail spaces. The increased rents and lower future vacancy rates of the adjoining shop space will help offset some of the initial cash outlay. We strongly believe that the group who pays for the anchor redevelopment should benefit from the revenue increases of the adjoining space that the redevelopment creates.

We believe that creating a theme, such as medical/health, for the anchor commercial space would be the most effective strategy. The proposed restaurant spaces could provide healthy cooking options and distribute recipes where the ingredients could be purchased at the neighboring market. This unique concept, or something similar, would benefit not only the residential tenants living on the 2nd floor but also the residents living in the areas immediately surrounding Skyway Plaza.



It will be challenging to lease the commercial space prior to it being a proven concept and we believe that a master lease could mitigate this underwriting concern. We also suggest exploring a partnership with a local or regional grocer to commit to occupying a portion of the space. This would reduce the amount of space committed under the master lease and it would also create a meaningful draw for other potential tenants and the community at large.

Retail leasing and management is a unique business and we believe it would also be beneficial to joint-venture with a proven operator. This could be structured in several different ways but it would help mitigate operational risks while allowing a profit sharing structure.

CURRENT TENANT HIGHLIGHTS ►



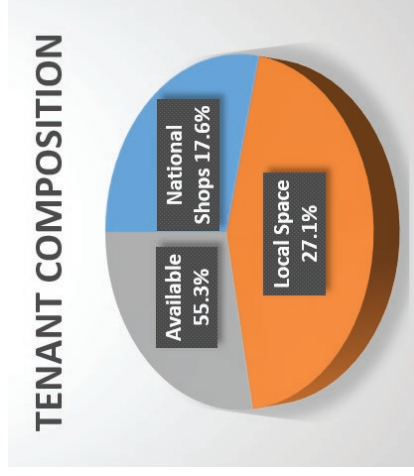
Dollar Tree (NASDAQ: DLTR) Dollar Tree Stores, Inc. is a Fortune 500 company headquartered in Chesapeake, Virginia. The company operates one-dollar stores under the names of Dollar Tree and Dollar Bills. They currently have nearly 15,000 stores throughout the 48 contiguous United States and Canada. Dollar Tree also operates under the Family Dollar banner.

it's fashion

It's Fashion offers the trendy looks you'll find in mall specialty stores at low prices. This store focuses on the latest junior-inspired fashions, shoes and accessories for juniors, junior plus, young men, boys and girls' sizes 7-16. It's Fashion is a division of Charlotte, North Carolina based CATO Corporation (NYSE: CATO). CATO Corporation is a specialty retailer of fashion apparel and accessories primarily in the southeastern United States. As of February 2, 2019, the company operated 1,311 stores in 31 states.



AmScot Financial The company was founded in 1986 in Tampa, Florida. From check cashing and cash advance services to free money orders and wire transfers, AmScot offers a wide range of financial services. They currently serve over three million customers at over 238 locations across the State of Florida.



TENANT COMPOSITION

TENANTS	GLA (SF)	% OF GLA	ANNUAL BASE RENT
DOLLAR TREE	10,632	9.6%	127,584
AMSCOT FINANCIAL	5,900	5.3%	82,600
IT'S FASHION	3,000	2.7%	36,000
NATIONAL TOTALS	19,532	17.6%	246,184
LOCAL TOTALS	30,027	27.1%	326,005
TOTAL LEASED	49,559	44.7%	572,189
Available	61,240	55.3%	--
TOTALS	110,799	100.0%	

ANCHOR TOTALS

TENANTS	GLA (SF)	% OF TOTAL GLA	ANNUAL BASE RENT
NATIONAL TOTALS	19,532	17.6%	322,344
Local Space	30,027	26.3%	544,689
Available	61,240	17.2%	--

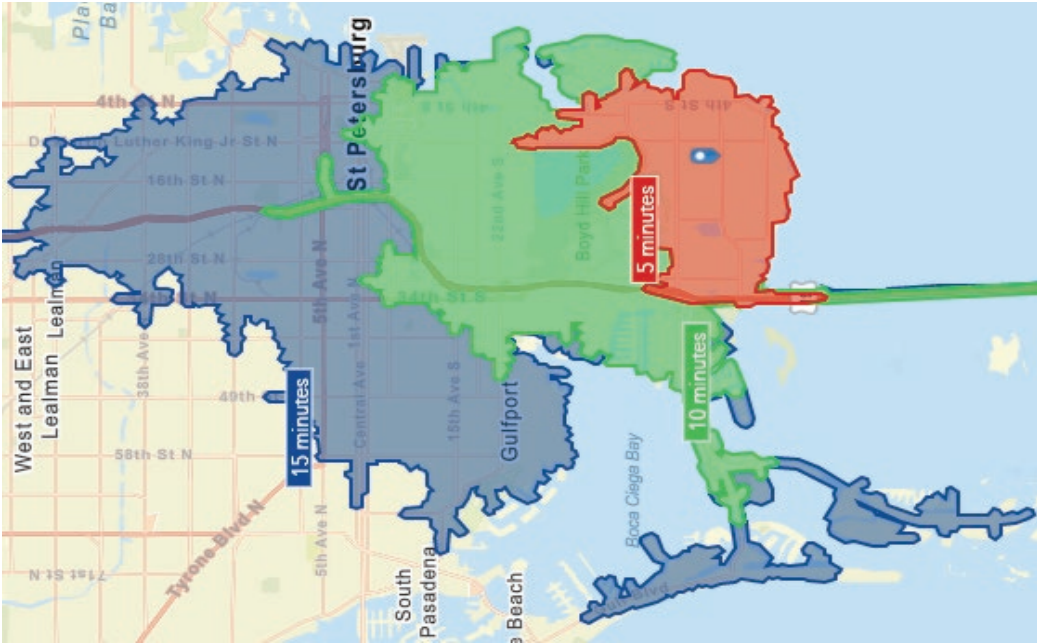
No warranty, expressed or implied, has been made to the accuracy of the information provided herein. No liability is assumed for error or omission. | Licensed Real Estate Broker

PROJECT SUMMARY

MARKET HIGHLIGHTS ▶

DEMOGRAPHICS				
POPULATION	0-5-MIN	5-10-MIN	10-15-MIN	
2019 Population	22,478	48,692	90,634	
2024 Projected	23,300	51,402	94,526	
Proj Ann Growth '19-'24	.72%	1.09%	.84%	
2019 Households	9,389	19,787	41,608	
2024 Proj Households	9,710	20,964	43,461	
INCOME				
2019 Avg HH Inc	\$67,307	\$69,994	\$73,822	
2019 Med HH Inc	\$49,481	\$42,024	\$48,776	

*ESRI Forecast



PHOTOS ►



No warranty, expressed or implied, has been made to the accuracy of the information provided herein. No liability is assumed for error or omission. | Licensed Real Estate Broker

PROJECT SUMMARY

PHOTOS ▶



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PROPERTY DESCRIPTION

DESCRIPTION OF IMPROVEMENTS ▶

PROPERTY DESCRIPTION	
Visibility / Access	Visibility and access along both 62nd Avenue South, 9th Street South Drive and 60th Avenue South
Zoning	Proposed Mixed-Use
DESCRIPTION OF IMPROVEMENTS	
Exterior Walls	Concrete masonry units
Interior Finishes	Textured and painted drywall
HVAC	Roof-top package units
Fire / Line Safety	Wet Pipe Fire Sprinkler System
Roof	Some portions appear to be TPO membrane and some portions appear to be gravel surfacing.
Sidewalk and Walkways	Front and rear sidewalks are concrete. Tenant entrances are protected by a covered walkway.
Environmental	A Phase I environmental report was not provided.



REAL ESTATE TAXES

In Florida, property taxes are assessed and collected on all real property within each county. The real estate tax bill is a combined notice of ad valorem taxes and non-ad valorem assessments. Taxes are due by March 31st; however, discounts can be applied for early payment.

- 4% discount if paid in November
- 3% discount if paid in December
- 2% discount if paid in January
- 1% discount if paid in February

2019 TAXES	
PARCEL ID	12-32-16-82873-001-0010
ASSESSED VALUE	\$3,640,000
MILLAGE RATE	21.557
AD VALOREM TAXES	\$78,467.47
NON AD VALOREM TAXES	\$0
NET TAXES DUE	\$78,467.47

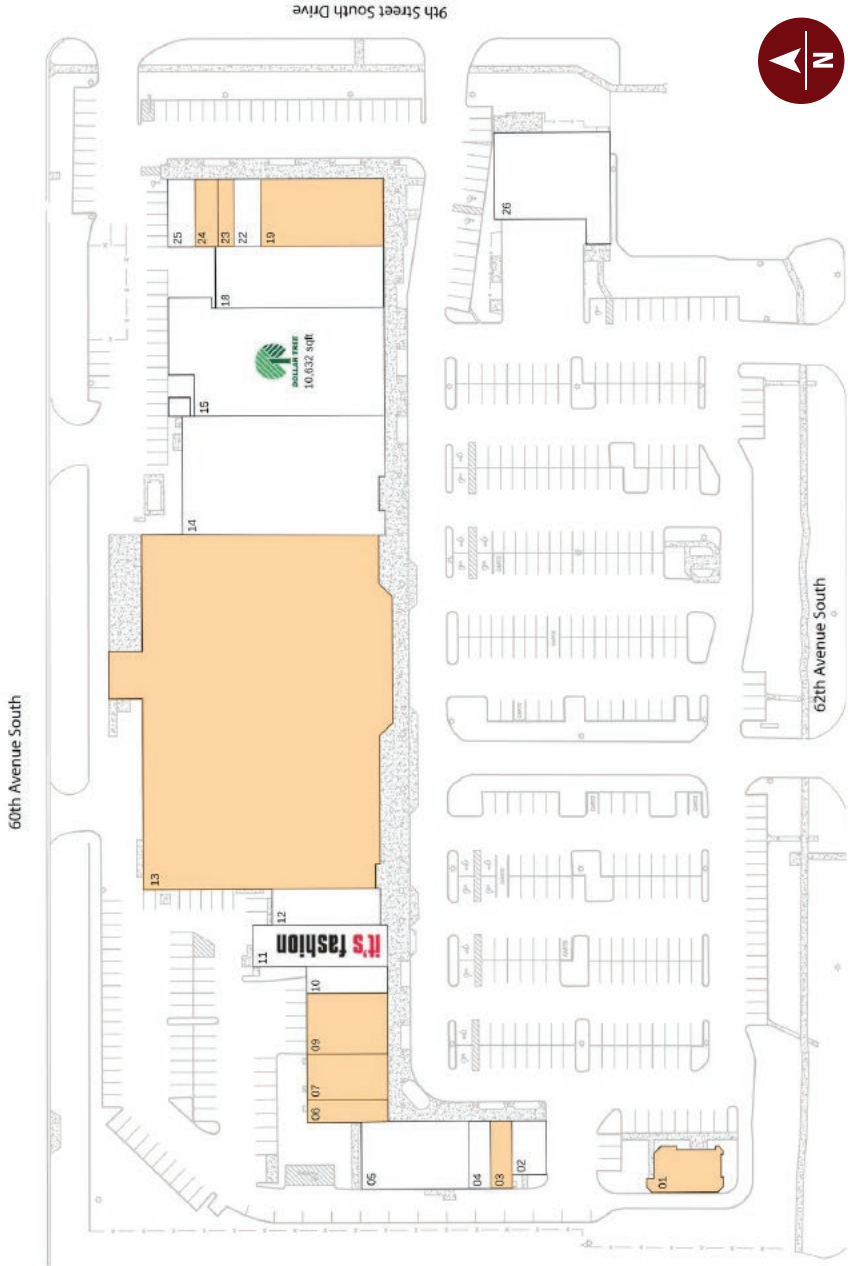
AERIAL VIEW ►



PROPERTY DESCRIPTION

SITE PLAN

STE	TENANT	SIZE
ANT	Ridan Industries	1 SF
01	AVAILABLE	1,927
02	Heidi's Hair Braiding	1,000
03	AVAILABLE	800
04	Hong Kong Restaurant	800
05	Pinellas County Tax Collector	4,000
06	AVAILABLE	1,020
07	AVAILABLE	2,040
09	AVAILABLE	2,700
10	Cell Touch	1,200
11	It's Fashion	3,000
12	Vista Liquors	2,027
13	AVAILABLE	46,803
14	Advantage Village Academy	13,000
15	Dollar Tree	10,632
18	Amscot Financial	5,900
19	AVAILABLE	4,500
22	Next Level Grooming	1,000
23	AVAILABLE	600
24	AVAILABLE	850
25	Coin Laundry	1,000
26	JC Automotive Service	6,000
TOTAL		110,799



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DEVELOPMENT PLAN



1 Lifesafety Plan 01
1/32" = 1'-0"

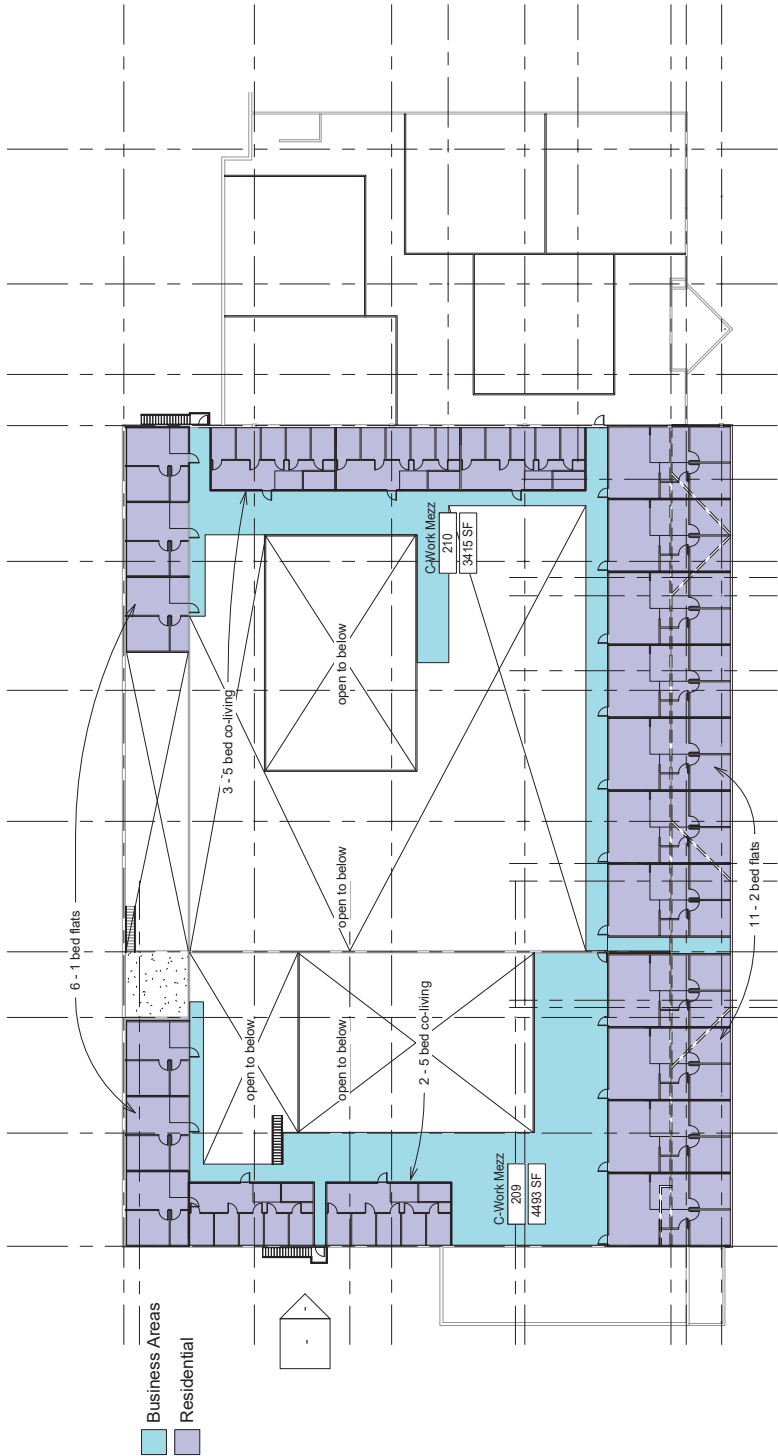
bndr
bndr llc
FL LIC# A26001823

Florida Housing Coalition
Skyway Plaza Innovation
1079 62nd Avenue South
St. Petersburg, FL 33705

FUTURE 1st FLOOR ANCHOR SPACE
Project number CTR025102
Date 04-11-2018
Drawn by Author
Checked by Checker
Scale 1/32" = 1'-0"

PROPERTY DESCRIPTION

DEVELOPMENT PLAN



1 Lifesafety Plan 02
1/32" = 1'-0"

bndr
bndr llc
FL LIC# AX26001823

Florida Housing Coalition
Skyway Plaza Innovation
1079 62nd Avenue South
St. Petersburg, FL 33705

FUTURE 2nd FLOOR APARTMENTS			
Project number	CTR25102	PD102	Scale 1/32" = 1'-0"
Date	04-11-2018		
Drawn by	Author		
Checked by	Checker		

4/11/2019 10:13:42 AM

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PYLONS ▶



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PROPERTY PHOTO ▶



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PROPERTY PHOTO▶



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FINANCIAL ANALYSIS

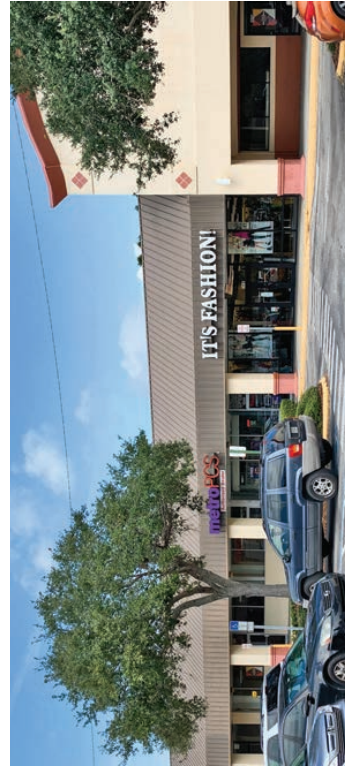
AS-IS

AS-IS VALUATION ►

OVERVIEW

- This format analyzes the entire shopping center, anchor and small shop, valued from a typical investor's standpoint. The following assumptions were made during this analysis:
- The anchor space is eventually leased to a single user such as a gym, discount retailer, church, etc.
- The adjoining retail space (small shop) is gradually leased up over the next 36 months at market rates detailed in the Market Leasing Assumption section in the following pages.
- The stabilized vacancy rate is 15% excluding National Tenants (Amscot, It's Fashion and Dollar Tree)

We believe that the market value of Skyway Plaza is between \$4,200,000 - \$4,450,000. The anchor space assumptions can cause significant fluctuations in the valuation. We believe the timing, rental rate and tenant improvement allowance assumptions to be reasonable based on current market conditions.



AS-IS VALUE	
AS-IS VALUE	\$4,200,000 - \$4,450,000
PRICE/SF	\$396,494
NET RESIDUAL VALUE YR 7	\$9,200,000
RESIDUAL CAP RATE	9.50%
DISCOUNT RATE	12.00% - 13.00%
TI/LC/CAPEX	\$3,565,893

Existing Anchor Space (2019)



FINANCIAL ANALYSIS

AS-IS CASH FLOWS

For the Years Ending	Year 1 Jan-2020	Year 2 Jan-2021	Year 3 Jan-2022	Year 4 Jan-2023	Year 5 Jan-2024	Year 6 Jan-2025	Year 7 Jan-2026
Potential Gross Revenue							
Scheduled Base Rental Revenue	\$571,304	\$623,437	\$720,189	\$1,000,036	\$954,878	\$1,031,428	\$1,070,115
Expense Reimbursement Revenue							
Property Taxes	34,343	37,864	44,435	85,778	88,350	91,003	93,349
Property Insurance	19,687	21,704	25,471	49,171	50,648	52,166	53,511
CAM	63,437	69,939	82,076	158,444	163,197	168,097	172,428
Management Fees	11,382	13,263	17,381	47,730	46,372	49,764	51,270
Total Reimbursement Revenue	128,849	142,770	169,363	341,123	348,567	361,030	370,558
Total Potential Gross Revenue	700,153	766,207	889,552	1,341,159	1,303,445	1,392,458	1,440,673
General Vacancy	(49,779)	(58,234)	(75,178)	(147,865)	(144,149)	(148,263)	(153,670)
Effective Gross Revenue	650,374	707,973	814,374	1,193,294	1,159,296	1,244,195	1,287,003
Operating Expenses							
Real Estate Taxes	78,500	80,855	83,281	85,779	88,352	91,003	93,733
Property Insurance	45,000	46,350	47,741	49,173	50,648	52,167	53,732
CAM	145,000	149,350	153,831	158,445	163,199	168,095	173,139
Management Fees	26,015	28,319	32,575	47,732	46,372	49,768	51,480
Miscellaneous Non-CAM	20,000	20,600	21,218	21,855	22,510	23,185	23,881
Total Operating Expenses	314,515	325,474	338,646	362,984	371,081	384,218	395,965
Net Operating Income	335,859	382,499	475,728	830,310	788,215	859,977	891,038
Leasing & Capital Costs							
Tenant Improvements		27,270	133,100	1,682,605	131,295	87,750	18,407
Leasing Commissions		10,737	52,640	155,169	46,087	22,721	7,363
Roof Replacement/HVAC		978,500					
CapEx (\$.25/SF)	27,700	28,531	29,387	30,268	31,176	32,112	33,075
Total Leasing & Capital Costs	27,700	1,045,038	215,127	1,868,042	208,558	142,583	58,845
NET CASH FLOWS	\$308,159	(\$662,539)	\$260,601	(\$1,037,732)	\$579,657	\$717,394	\$832,193

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AS-IS RENT ROLL ►

SUITE	TENANT NAME	PRO-RATA SHARE	LEASE TERM		TIMING	AMOUNT		UPON EXPIRATION			EXPENSE REIMBURSEMENTS	
			BEGIN	END		PER SF	TOTAL	OPTIONS	ASSUMPTIONS	ASSIGNED MLA	METHOD	PSF
1	Vacant	1,927 1.74%	Jan-2021	to Dec-2025		\$12.36 3% Annual Increases	\$23,818		Market	Small Shop	NNN	
2	Heidi's Hair Braiding	1,000 .90%	Jan-2019	to Dec-2021	Current	\$12.36 3% Annual Increases	\$12,000		Renew	Small Shop	NNN	
3	Vacant	800 .72%	Jul-2021	to Jun-2026		\$12.36 3% Annual Increases	\$9,888		Market	Small Shop	NNN	
4	Hong Kong Restaurant	800 .72%	Jan-2019	to Dec-2023	Current	\$14.00	\$11,200		Renew	Small Shop	NNN	
5	Pinellas County Tax	4,000 3.61%	Jan-2019	to Dec-2023	Current	\$14.00	\$56,000		Renew	Small Shop	NNN	
6	Vacant	1,020 .92%	Jan-2022	to Dec-2026		\$12.73 3% Annual Increases	\$12,985		Market	Small Shop	NNN	
7	Vacant	2,040 1.84%	May-2022	to Apr-2027		\$12.73 3% Annual Increases	\$25,971		Market	Small Shop	NNN	
9	Vacant	2,700 2.44%	Aug-2022	to Jul-2027		\$12.73	\$34,373		Market	Small Shop	NNN	
10	Cell Touch	1,200 1.08%	Jan-2019	to Dec-2021	Current	\$12.00 3% Annual Increases	\$14,400		Renew	Small Shop	NNN	
11	It's Fashion	3,000 2.71%	Jan-2019	to Dec-2022	Current	\$12.00	\$36,000		Renew	Small Shop	NNN	
12	Vista Liquors	2,027 1.83%	Jan-2019	to Dec-2023	Current	\$15.00	\$30,405		Renew	Small Shop	NNN	
13	Vacant-Anchor	46,803	Jan-2023	to Dec-2032		\$5.00	\$234,015		Market	Anchor	NNN	

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AS-IS RENT ROLL ▶

SUITE	TENANT NAME	AREA (SF)		LEASE TERM		TIMING	AMOUNT		UPON EXPIRATION		EXPENSE REIMBURSEMENTS	
		PRO-RATA SHARE		BEGIN	END		PER SF	TOTAL	OPTIONS	ASSUMPTIONS	ASSIGNED MLA	METHOD
14	Advantage Village Acad	13,000	11.73%	Feb-2020 to Jan-2025		Current	\$8.00	\$104,000		Market	>10,000 SF	NNN
							3% Annual Increases					
15	Dollar Tree	10,632	.90%	Jan-2019 to Dec-2023		Current	\$12.00	\$127,584		Renew	Small Shop	NNN
							3% Annual Increases					
18	Amscot	5,900	5.32%	Jan-2019 to Dec-2022		Current	\$14.00	\$82,600		Renew	Small Shop	NNN
							3% Annual Increases					
19	Vacant	4,500		Aug-2022 to Jul-2027			\$12.73	\$57,289		Market	Small Shop	NNN
		4,06%										
22	Next Level Grooming	1,000	.90%	Jan-2019 to Dec-2021		Current	\$12.00	\$12,000		Renew	Small Shop	NNN
23	Vacant	600	.92%	Jan-2022 to Dec-2026			\$12.73	\$7,638		Market	Small Shop	NNN
							3% Annual Increases					
24	Vacant	850	.77%	Jan-2022 to Dec-2026			\$12.73	\$10,821		Market	Small Shop	NNN
							3% Annual Increases					
25	Coin Laundry	1,000	.90%	Jan-2019 to Dec-2023			\$14.00	\$14,000		Renew	Small Shop	NNN
26	JC Automotive	6,000	5.42%	Jan-2019 to Dec-2023		Current	\$12.00	\$72,000		Market	Small Shop	NNN
							3% Annual Increases					

Please note that the Seller did not provide the current rent roll and the terms of existing tenants are based on what we believe to be current market conditions.

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AS-IS GENERAL ASSUMPTIONS

GENERAL ASSUMPTIONS	
Analysis Start Date	Jan-20
Term of Projection	7 years
Growth Rates	3% per annum
General Inflation	3% per annum
Market Rent	3% per annum
Reimbursable Exp.	3% per annum
Non-Reimbursable Exp.	3% per annum
Property Size	110,799
Current Occupancy	45%
Vacancy Loss *Excluding Credit Tenants	15%*



LEASE UP ASSUMPTIONS

LEASE UP ASSUMPTIONS			
LEASE-UP OF VACANT SPACE			
Suite #	Square Footage	Lease Up	
1	1,927	Jan-21	
3	800	Jul-21	
6	1,020	Jan-22	
7	2,040	May-22	
9	2,700	Aug-22	
13	46,803	Jan-23	
19	4,500	Aug-22	
23	600	Jan-22	
24	850	Jan-22	
TOTAL SF	61,240		

MARKET LEASING ASSUMPTIONS

MARKET LEASING ASSUMPTIONS				
	10,000 + SF	Small Shop	Anchor	JC Auto
Market Rent (PSF)	\$8.00	\$12.00	\$5.00	\$12.00
Recoveries	NNN	NNN	NNN	NNN
Rent Increases	3% Annually	3% Annually	3% Annually	3% Annually
Lease Term	5 Years	5 Years	10 Years	5 Years
Renewal Probability	65%	65%	65%	70%
COMMISSIONS				
New Leases	6.00%	6.00%	6.00%	6.00%
Renewal Leases	2.50%	2.50%	2.50%	2.50%
TENANT IMPROVEMENTS				
New Leases	\$10.00	\$10.00	\$35.00	\$10.00
Renewal Leases	\$0.00	\$0.00	\$0.00	\$0.00

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ANCHOR-ONLY

ANCHOR-ONLY VALUATION ▶

ABOUT

As-Is

This format analyzes the anchor space valued from a typical investor's standpoint. We believe that the typical investor will value the vacant anchor space on a price per square foot basis. We have reviewed the sale of vacant retail space of comparable size and condition throughout Florida over the past 24-months. Our analysis concludes that the anchor space will be valued between \$30.00 - \$35.00 per square foot of leasable area.

Stabilized Value - Post Development

- This scenario values the anchor space post redevelopment. The following assumptions were made during this analysis:
- The anchor space is divided into two floors with apartments on the 2nd floor and the 1st floor remaining commercial.
- The first floor is master leased. We did not believe that it was practical to underwrite specific rents for the individual suites as this is such a unique project and it will take significant time to generate tenant interest. This issue could be mitigated if a meaningful tenant (grocery, etc.) could be located prior to construction.

Retail users typically focus on store visibility and traffic when deciding where to place a new location. It will take time to create demand for the interior space as it will need to become a destination for the community in order for the future tenants to experience enough traffic to support their occupancy costs. We believe that the project will be most successful if there is a singular focus to the 1st floor space such as health and medical.

AS-IS VALUE	
AS-IS VALUE	\$1,400,000 - \$1,640,000
PRICE/SF	\$30.00 - \$35.00
BUILDING SIZE	46,803

STABILIZED VALUE - POST DEVELOPMENT	
STABILIZED VALUE	\$5,200,000 - \$5,700,000
PRICE/SF	\$111.10 - \$121.79
STABILIZED NOI	\$440,431
CAP RATE	7.75% - 8.50%
BUILDING SIZE	46,803

Leasing the Anchor Space Scenario

We do not believe that it's feasible to lease the anchor space from the current owner, under traditional terms, given the significant investment that is required to transform the space into mixed-use. A lender would likely want to see at least a 99-year ground lease in order to even consider lending on the improvements. We typically only see ground leases in dense urban areas, smaller outparcels (Wawa, McDonalds, etc.) or under mall anchors (Sears, Macy's, etc.). We rarely see ground leases on neighborhood shopping centers and do not believe that the current landlord would be amenable to this possibility.

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ANCHOR-ONLY - CASH FLOW ►

2ND FLOOR APARTMENTS					
Unit Type	Unit Count	Monthly Rent	Gross Monthly	Gross Annual	
Co-living	25	700	17,500	210,000	
1-BDR	6	800	4,800	57,600	
2-BDR	11	900	9,900	118,800	
Gross Rental Revenue				386,400	
Vacancy/Turnover (6%)				(23,184)	
Total Apartment Revenue				363,216	

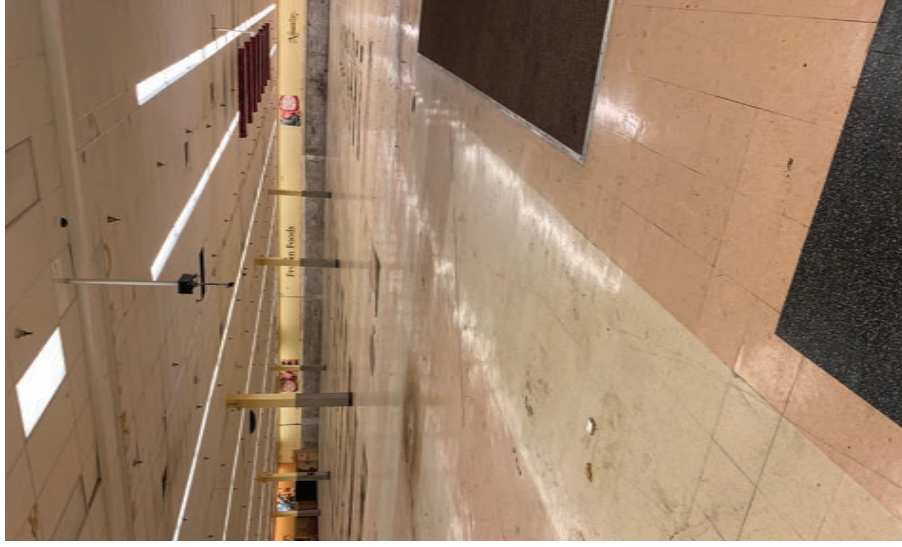
1ST FLOOR COMMERCIAL	
Master Lease	
Master Lease for 46,000 SF @ \$8	368,000
Total 1st Floor Revenue	368,000

EXPENSES	
Real Estate Taxes*	107,785
Property Insurance	45,000
Repairs & Maintenance	15,000
On-Site Management Salary	60,000
Staff Salary	30,000
Janitorial	18,000
Common Utilities	15,000
Total Expenses	290,785

NET OPERATING INCOME	440,431
-----------------------------	----------------

*Stabilized real estate taxes assume a millage rate of 21.557 and a \$5MM assessment.

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Existing Anchor Space (2019)

STABILIZED POST-DEVELOPMENT

STABILIZED POST-DEVELOPMENT

GENERAL ASSUMPTIONS	
Analysis Start Date	Jan-20
Term of Projection	7 years
Growth Rates	3% per annum
General Inflation	3% per annum
Market Rent	3% per annum
Reimbursable Exp.	3% per annum
Non-Reimbursable Exp.	3% per annum
Property Size	110,799
Current Occupancy	45%
Vacancy Loss *Excluding Credit Tenants	8%*



Grocery Center - Concept

LEASE UP ASSUMPTIONS

MARKET LEASING ASSUMPTIONS

MARKET LEASING ASSUMPTIONS			
	10,000 + SF	Small Shop	JC Auto
Market Rent (PSF)	\$11.00	\$15.00	\$15.00
Recoveries	NNN	NNN	NNN
Rent Increases	3% Annually	3% Annually	3% Annually
Lease Term	5 Years	5 Years	5 Years
Renewal Probability	70%	70%	70%
COMMISSIONS			
New Leases	6.00%	6.00%	6.00%
Renewal Leases	2.50%	2.50%	2.50%
TENANT IMPROVEMENTS			
New Leases	\$10.00	\$10.00	\$10.00
Renewal Leases	\$0.00	\$0.00	\$0.00

LEASE UP ASSUMPTIONS

LEASE-UP OF VACANT SPACE

Suite #	Square Footage	Lease Up
1	1,927	Jan-21
3	800	Jul-21
6	1,020	Jan-22
7	2,040	May-22
9	2,700	Aug-22
13	46,803	Jan-23
19	4,500	Aug-22
23	600	Jan-22
24	850	Jan-22
TOTAL SF	61,240	

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STABILIZED POST-DEVELOPMENT CASH FLOW ▶

For the Years Ending	Year 1 Jan-2020	Year 2 Jan-2021	Year 3 Jan-2022	Year 4 Jan-2023	Year 5 Jan-2024	Year 6 Jan-2025	Year 7 Jan-2026
Potential Gross Revenue							
Base Rental Revenue	571,304	630,627	758,208	845,217	871,888	1,004,372	998,533
Anchor Space Revenue	--	731,216	745,840	768,216	791,262	815,000	839,450
Gross Base Rental Revenue	571,304	1,361,843	1,504,048	1,613,433	1,663,150	1,819,372	1,990,057
Expense Reimbursement Revenue							
Property Taxes	34,343	37,864	44,435	49,544	51,029	52,562	53,755
Property Insurance	19,687	14,470	16,981	18,936	19,504	20,087	20,543
CAM	63,437	55,469	65,096	72,680	74,757	77,007	78,750
Management Fees	12,268	14,098	19,293	23,324	24,059	27,289	28,494
Total Reimbursement Revenue	129,735	121,901	145,805	164,384	169,349	176,945	181,542
Total Potential Gross Revenue	701,039	1,483,744	1,649,853	1,777,817	1,832,499	1,996,317	2,081,599
General Vacancy	(48,235)	(46,023)	(52,433)	(51,485)	(51,414)	(56,497)	(60,204)
Effective Gross Revenue	652,804	1,437,721	1,597,420	1,726,332	1,781,085	1,939,820	2,021,395
Operating Expenses							
Real Estate Taxes	78,500	80,855	83,281	85,779	88,352	91,003	93,733
Property Insurance	45,000	30,000	30,900	31,827	32,782	33,765	34,778
CAM	145,000	115,750	119,223	122,799	126,483	130,278	134,187
Management Fees	26,015	28,319	32,575	47,732	46,372	49,768	51,480
Miscellaneous - Non-CAM	20,000	20,600	21,218	21,855	22,510	23,185	23,881
Anchor Expenses	--	290,785	299,509	308,494	317,749	327,281	337,100
Total Operating Expenses	314,515	682,059	705,929	741,285	760,731	785,558	809,345
Net Operating Income	338,289	755,662	891,492	985,047	1,020,354	1,154,262	1,212,050
Leasing & Capital Costs							
Tenant Improvements		27,270	133,100	44,500	131,295	87,750	18,407
Leasing Commissions		13,421	65,802	18,450	57,607	31,241	9,204
Roof Replacement/HVAC		978,500					
CapEx (\$.25/SF)	27,700	28,531	29,387	30,268	31,176	32,112	33,075
Total Leasing & Capital Costs	27,700	1,047,722	228,289	93,218	220,078	151,103	60,686
NET CASH FLOWS	\$310,589	(\$292,060)	\$663,203	\$891,829	\$800,276	\$1,003,159	\$1,151,364

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STABILIZED POST-DEVELOPMENT RENT ROLL ►

SUITE	TENANT NAME	AREA (SF)		LEASE TERM		TIMING	AMOUNT		UPON EXPIRATION			EXPENSE REIMBURSEMENTS	
		PRO-RATA SHARE		BEGIN	END		PER SF	TOTAL	OPTIONS	ASSUMPTIONS	ASSIGNED MLA	METHOD	PSF
1	Vacant	1,927 1.74%		Jan-2021	to Dec-2025		\$15.45 3% Annual Increases	\$29,772		Market	Small Shop	NNN	
2	Heidi's Hair Braiding	1,000 .90%		Jan-2019	to Dec-2021	Current	\$12.36 3% Annual Increases	\$12,000		Renew	Small Shop	NNN	
3	Vacant	800 .72%		Jul-2021	to Jun-2026		\$15.45 3% Annual Increases	\$12,360		Market	Small Shop	NNN	
4	Hong Kong Restaurant	800 .72%		Jan-2019	to Dec-2023	Current	\$14.00	\$11,200		Renew	Small Shop	NNN	
5	Pinellas County Tax	4,000 3.61%		Jan-2019	to Dec-2023	Current	\$14.00	\$56,000		Renew	Small Shop	NNN	
6	Vacant	1,020 .92%		Jan-2022	to Dec-2026		\$15.91 3% Annual Increases	\$16,232		Market	Small Shop	NNN	
7	Vacant	2,040 1.84%		May-2022	to Apr-2027		\$15.91 3% Annual Increases	\$32,464		Market	Small Shop	NNN	
9	Vacant	2,700 2.44%		Aug-2022	to Jul-2027		\$15.91	\$42,966		Market	Small Shop	NNN	
10	Cell Touch	1,200 1.08%		Jan-2019	to Dec-2021	Current	\$12.00 3% Annual Increases	\$14,400		Renew	Small Shop	NNN	
11	It's Fashion	3,000 2.71%		Jan-2019	to Dec-2022	Current	\$12.00	\$36,000		Renew	Small Shop	NNN	
12	Vista Liquors	2,027 1.83%		Jan-2019	to Dec-2023	Current	\$15.00	\$30,405		Renew	Small Shop	NNN	
13	Vacant-Anchor	46,803		Please see Anchor Only Cash Flows									

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STABILIZED POST-DEVELOPMENT RENT ROLL ►

SUITE		TENANT NAME	AREA (SF)		LEASE TERM		AMOUNT		UPON EXPIRATION			EXPENSE REIMBURSEMENTS	
PRO-RATA SHARE			BEGIN	END	TIMING	PER SF	TOTAL	OPTIONS	ASSUMPTIONS	ASSIGNED MLA	METHOD	PSF	
14	Advantage Village Acad	13,000	Feb-2020 to Jan-2025		Current	\$8.00	\$104,000		Market	>10,000 SF	NNN		
		11.73%				3% Annual Increases							
15	Dollar Tree	10,632	Jan-2019 to Dec-2023		Current	\$12.00	\$127,584		Renew	Small Shop	NNN		
		.90%				3% Annual Increases							
18	Amscot	5,900	Jan-2019 to Dec-2022		Current	\$14.00	\$82,600		Renew	Small Shop	NNN		
		5.32%				3% Annual Increases							
19	Vacant	4,500	Aug-2022 to Jul-2027			\$15.91	\$71,611		Market	Small Shop	NNN		
		4.06%											
22	Next Level Grooming	1,000	Jan-2019 to Dec-2021		Current	\$12.00	\$12,000		Renew	Small Shop	NNN		
		.90%											
23	Vacant	600	Jan-2022 to Dec-2026			\$15.91	\$9,548		Market	Small Shop	NNN		
		.92%				3% Annual Increases							
24	Vacant	850	Jan-2022 to Dec-2026			\$15.91	\$13,526		Market	Small Shop	NNN		
		.77%				3% Annual Increases							
25	Coin Laundry	1,000	Jan-2019 to Dec-2023			\$14.00	\$14,000		Renew	Small Shop	NNN		
		.90%											
26	JC Automotive	6,000	Jan-2019 to Dec-2023		Current	\$12.00	\$72,000		Market	Small Shop	NNN		
		5.42%				3% Annual Increases							

Please note that the Seller did not provide the current rent roll and the terms of existing tenants are based on what we believe to be current market conditions.

No warranty, expressed or implied, has been made to the accuracy of the information provided herein. No liability is assumed for error or omission. | Licensed Real Estate Broker

STABILIZED POST-DEVELOPMENT VALUATION

ABOUT

This valuation scenario anticipates the anchor tenants being successful and creating a meaningful draw to the rest of the center. Much of the potential upside will be seen in an increase in the quality of tenants occupying the adjoining small shop space as well as in an increase of the rents that those spaces can command.

The following assumptions were made during this analysis:

- The anchor space is successfully redeveloped and leased under similar terms outlined in the Anchor-Only scenario previously described.
- The adjoining retail space (small shop) is gradually leased up over the next 36 months at market rates detailed in the Market Leasing Assumption section in the following pages. It's important to note that we estimate a \$3/SF increase in the rental rates that the adjoining small shop space can command after the anchor space development is completed.
- The stabilized vacancy rate is 8% excluding National Tenants (Amscot, It's Fashion and Dollar Tree)

This scenario provides the most significant increase in value as additional value is realized in the increased rental rates that the adjoining rental rates are expected to command post redevelopment. We also expect a higher quality of tenant to be occupying the small shop space.

STABILIZED VALUE - ENTIRE CENTER	
STABILIZED VALUE	\$14,700,000 - \$13,850,000
PRICE/SF	\$132.67 - \$125.00
STABILIZED NOI	\$1,212,050
STABILIZED CAP RATE	8.25% - 8.75%
TI/LC/CAPEX*	\$9,828,796

*We were provided with the estimated \$8 million cost of redevelopment and have incorporated it into the table above.



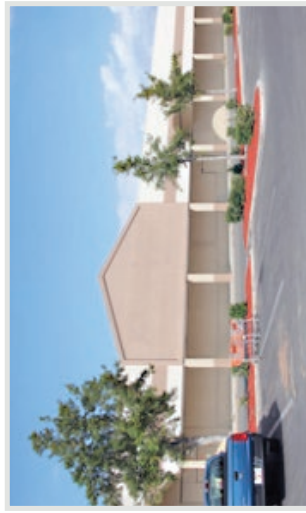
Co-Living Space (2nd Floor) - Concept

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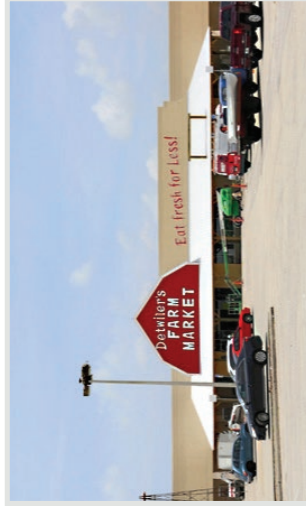
**SOLD
COMPARABLES**

SOLD COMPARABLES

SOLD COMPARABLES ► ANCHOR



Name	2300 Cortez W
City	Bradenton, FL
SF	56,858
Year Built	1979
Sales Price	\$1,580,000
Price PSF	\$27.79
Cap	--
Occupancy	0%
Notes	Vacant retail building that was sold to a self-storage developer.



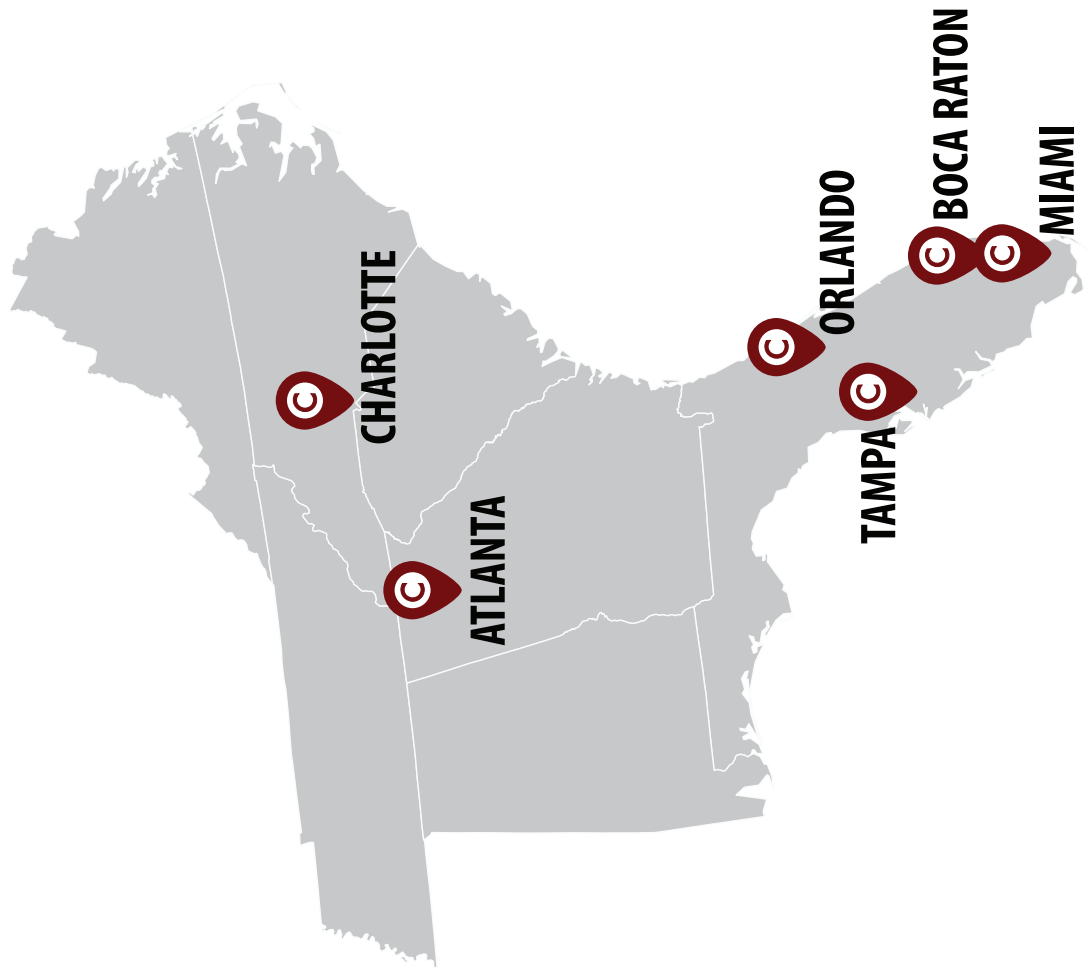
Name	1800 N US Hwy 301
City	Palmetto, FL
SF	48,500
Year Built	1991
Sales Price	\$2,916,000
Price PSF	\$60.12
Cap	--
Occupancy	0%
Notes	Former Winn Dixie that was sold to a farmer's market.



Name	1525 W. Tharpe St.
City	Tallahassee, FL
SF	53,907
Year Built	2000
Sales Price	\$1,890,000
Price PSF	\$35.06
Cap	--
Occupancy	0%
Notes	This former Winn Dixie sold in October 2019.

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Crossman & Company





APPENDIX D

PROPERTY DESIGN
COST ANALYSIS

DESIGN CHARACTERISTICS

CODE AND PROGRAM NOTES

Sunshine Skyway Plaza

Mixed Use Proposal

1079 62nd Avenue South

St. Petersburg, FL 33705

The following excerpts from the Florida Building Code 6th Edition guide the decisions concerning best use, safety, and budget for this project.

In summary, The building will maintain current construction Type II-B, unprotected, sprinklered. Occupancies will be separated by a minimum 1-hour rated wall/floor system. Passages highlighted in red are summaries pertaining to this project.

POSSIBLE USES:

****303.2 Assembly Group A-1.****

Group A-1 occupancy includes assembly uses, usually with fixed seating, intended for the production and viewing of the performing arts or motion pictures including, but not limited to:

- *Symphony and concert halls*
- *Television and radio studios admitting an audience*
- *Theaters*

****303.3 Assembly Group A-2.****

Group A-2 occupancy includes assembly uses intended for food and/or drink consumption including, but not limited to:

- *Banquet halls*
- *Restaurants, cafeterias and similar dining facilities (including associated commercial kitchens)*
- *Taverns and bars*

****303.4 Assembly Group A-3.****

Group A-3 occupancy includes assembly uses intended for worship, recreation or amusement and other assembly uses

not classified elsewhere in Group A including, but not limited to:

- Amusement arcades
- *Art galleries*
- Bowling alleys
- *Community halls*
- Dance halls (not including food or drink consumption)
- Exhibition halls
- Lecture halls
- Libraries
- Museums
- Places of religious worship
- *Pool and billiard parlors*

****304.1 Business Group B.****

Business Group B occupancy includes, among others, the use of a building or structure, or a portion thereof, for office, professional or service-type transactions, including storage of records and accounts. Business occupancies shall include, but not be limited to, the following:

- Ambulatory care facilities
- Animal hospitals, kennels and pounds
- Barber and beauty shops
- Clinic, outpatient
- Educational occupancies for students above the 12th grade
- Electronic data processing
- Food processing establishments and commercial kitchens not associated with restaurants, cafeterias and similar dining facilities not more than 2,500 square feet (232 m2) in area.
- Laboratories: testing and research
- Print shops
- Professional services (architects, attorneys, dentists, physicians, engineers, etc.)

-Radio and television stations

-Training and skill development not in a school or academic program (this shall include, but not be limited to, tutoring centers, martial arts studios, gymnastics and similar uses regardless of the ages served, and where not classified as a Group A occupancy).

****305.1 Educational Group E.****

Educational Group E occupancy includes, among others, the use of a building or structure, or a portion thereof, by six or more persons at any one time for educational purposes through the 12th grade.

****306.1 Factory Industrial Group F.****

Factory Industrial Group F occupancy includes, among others, the use of a building or structure, or a portion thereof, for assembling, disassembling, fabricating, finishing, manufacturing, packaging, repair or processing operations that are not classified as a Group H hazardous or Group S storage occupancy.

****306.2 Moderate-hazard factory industrial, Group F-1.****

Factory industrial uses that are not classified as Factory Industrial F-2 Low Hazard shall be classified as F-1 Moderate Hazard and shall include, but not be limited to, the following:

- Clothing
- Food processing establishments and commercial kitchens not associated with restaurants, cafeterias and similar dining facilities more than 2,500 square feet (232 m2) in area.
- Hemp products
- Jute products
- Laundries
- Leather products
- lots of other things...

****306.3 Low-hazard factory industrial, Group F-2.****

Factory industrial uses that involve the fabrication or manufacturing of noncombustible materials that during finishing, packing or processing do not involve a significant fire hazard shall be classified as F-2 occupancies and shall include, but not be limited to, the following:

-Beverages: up to and including 16-percent alcohol content

-Metal products (fabrication and assembly)

****309.1 Mercantile Group M.****

Mercantile Group M occupancy includes, among others, the use of a building or structure or a portion thereof for the display and sale of merchandise, and involves stocks of goods, wares or merchandise incidental to such purposes and accessible to the public. Mercantile occupancies shall include, but not be limited to, the following:

-Department stores

-Drug stores

-Markets

-Retail or wholesale stores

-Sales rooms

****310.4 Residential Group R-2.****

Residential Group R-2 occupancies containing sleeping units or more than two dwelling units where the occupants are primarily permanent in nature, including:

-Apartment houses

-Boarding houses (nontransient) with more than 16 occupants

-Congregate living facilities (nontransient) with more than 16 occupants

-Dormitories

-Hotels (nontransient)

-Live/work units

-Motels (nontransient)

ALLOWABLE AREAS:

****Based on Type II-B, (Unprotected) Sprinkled****

A, B, E, F, M, S - Ht. 75 feet. A, E, F, M, S, 3 stories. B, S, 4 stories.

R - Ht. 75 feet. 5 stories.

Allowable Square Feet Sprinklered

A1 34,000

A-2 to A-4 38,000.

B 92,000

E 58,000

F-1 62,000

F-2 92,000

M 50,000

R-1 and R-2 64,000

S-1 70,000

S-2 104,000

SEPARATION OF OCCUPANCIES:

508.3.1 Occupancy classification.

Nonseparated occupancies shall be individually classified in accordance with Section 302.1. The requirements of this code shall apply to each portion of the building based on the occupancy classification of that space. In addition, the most restrictive provisions of Chapter 9 that apply to the nonseparated occupancies shall apply to the total nonseparated occupancy area. Where nonseparated occupancies occur in a high-rise building, the most restrictive requirements of Section 403 that apply to the nonseparated occupancies shall apply throughout the high-rise building.

508.3.2 Allowable building area and height.

The allowable building area and height of the building or portion thereof shall be based on the most restrictive allowances for the occupancy groups under consideration for the type of construction of the building in accordance with Section 503.1.

508.3.3 Separation.

No separation is required between non-separated occupancies.

Exceptions:

1.Group H-2, H-3, H-4 and H-5 occupancies shall be separated from all other occupancies in accordance with Section 508.4.

2.Group I-1, R-1, R-2 and R-3 dwelling units and sleeping units shall be separated from other dwelling or sleeping units and from other occupancies contiguous to them in accordance with the requirements of Section 420.

508.4 Separated occupancies.

Buildings or portions of buildings that comply with the provisions of this section shall be considered as separated occupancies.

****A, E / R, B, F-1, M, S-1 = 1 hour****

508.4.1 Occupancy classification.

Separated occupancies shall be individually classified in accordance with Section 302.1. Each separated space shall comply with this code based on the occupancy classification of that portion of the building.

508.4.2 Allowable building area.

In each story, the building area shall be such that the sum of the ratios of the actual building area of each separated occupancy divided by the allowable building area of each separated occupancy shall not exceed 1.

508.4.3 Allowable height.

Each separated occupancy shall comply with the building height limitations based on the type of construction of the building in accordance with Section 503.1.

Exception: Special provisions of Section 510 shall permit occupancies at building heights other than provided in Section 503.1.

508.4.4 Separation.

Individual occupancies shall be separated from adjacent occupancies in accordance with Table 508.4.

MODEL COSTS

ESTIMATE NOTES

The following notes and estimate are for your review and information as part of the deliverable, project development scope, which defines design characteristics and model costs for a subject property. The design characteristics are included in a portfolio. The scope of work includes dividing the space among uses/tenants but it does not include the costs for those tenant or use improvements, as these are not defined with enough detail at this point in the project. We expect to be able to add these costs prior to the completion of our service.

ESTIMATE BREAKDOWN FORMAT

Most items are in Uniformalt II. The outline headings below are used to organize the scope of the work in the estimate. As a Construction Management System, the UNIFORMAT II Standard ASTM E1557 is without equal. The original classification was developed jointly by the General Services Administration (GSA) and the American Institute of Architects (AIA) in 1972 for estimating and design cost analysis.

UNIFORMAT LEVEL 1 CATEGORIES

A SUBSTRUCTURE

B SHELL

C INTERIORS

D SERVICES

E EQUIPMENT AND FURNISHINGS

F SPECIAL CONSTRUCTION AND DEMOLITION

G BUILDING SITEWORK

LEVEL OF ESTIMATE

This estimate is beyond a Budget Estimate (Order of Magnitude), which provides a rough idea of cost for planning purposes. It is a Detailed Estimate, which attempts to predict the likely cost of specific pieces or systems in the proj-

ect. It relies primarily on the unit costs of assemblies. The takeoff is compiled from data extracted from the preliminary project model constructed in Revit (industry class BIM software). Most costs are sourced from RS Means 2019 Q1 cost data. Costs are indexed to the specific national location, St. Petersburg, Florida. This is not a Bid Estimate.

Occasionally, where increased project detail is available or where assemblies cost data that corresponds to the use in the project design is unavailable, a custom assembly has been created by the estimator using MasterFormat unit costs. MasterFormat is used throughout the construction industry to format specifications for construction contract documents. The purpose of this format is to assist the user to organize information into distinct groups when creating contract documents, and to assist the user searching for specific information in consistent locations.

PERCENTAGE OF CONSTRUCTION COST

Prices given in this estimate include the Installing Contractor's overhead and profit (O&P), but do not include General Conditions for the Installing Contractor. This estimate includes an allowance for general conditions, over-

head and profit for the General or Prime Contractor in percentages listed at the end of the estimate. Architect's fees are estimated using the Florida State Department of Management Services (DMS) Design Professional Fee Guidelines, category "D" for projects of average complexity, and includes only basic services. This fee does not include civil engineer or landscape architect fees. A contingency is included. At the conceptual design phase an allowance of 20% is customary. During the design development process this should decrease to 15% as decisions are made.

COST OF RESIDENTIAL COMPONENT

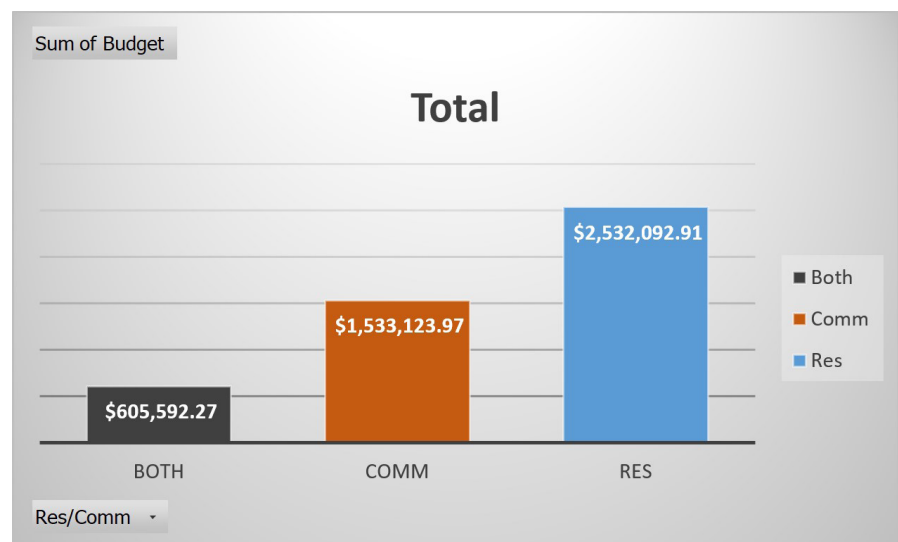
The chart below shows the distribution of costs toward residential, commercial, or both use types.

DEFINITIONS

Overhead is the fixed operating expense of the contractor that is not project related.

General Conditions are the operating costs of the contractor specific to the project.

Profit is the fee charged by a contractor for the execution of the scope of work.



Proportion of budget spent toward renovations.

Estimate Name:	Skyway Plaza Community Cntr
Building Type:	Mixed-Use Renovation
Location:	ST. PETERSBURG, FL
Story Count:	2
Story Height (L.F.):	12
Floor Area (S.F.):	73411
Labor Type:	RR
Basement Included:	No
Data Release:	Year 2019 Quarter 1
Cost Per Square Foot:	\$ 108.19
Building Cost:	\$ 7,942,355.98



Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

Assembly #	TASK	Description	Unit	Unit w/O&P	Data Release	CCI Location	Cost/SF	Budget
A SUBSTRUCTURE								
A10102301300	FOUNDATIONS	Spread footing for interior column, 3' square x 1' thick, 3000 PSI concrete, including forms, reinforcing, and anchor bolts	Ea.	\$ 142.77	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.13	\$9,422.1
A10301101400	SLABS	Ground slab, 4" thick slab, 3000 PSI concrete, 4" deep bank run gravel	S.F.	\$ 4.07	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.39	\$28,310.5
	Other						\$0.00	\$0.0
							\$0.51	\$37,733.7
B SHELL								
B10102502550	FLOORS	Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and column, 15'x20' bay, 19" deep, 75 PSF superimposed load, 119 PSF total load	S.F.	\$ 14.42	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$4.94	\$362,936.5
B20101525120	ENCLOSURE	E.I.F.S., plywood sheathing, 1x8 fascia, R12 insulation, stud wall, 2" x 4", 16" O.C., 3" EPS	S.F.	\$ 9.90	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.47	\$34,263.5
B20201066400	WINDOWS	Windows, aluminum, double hung, insul. glass, 3'-0" x 4'-0"	Ea.	\$ 635.71	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.36	\$26,699.1
B20201241300	WINDOWS	Aluminum frame, window wall, mill finish, 1-3/4" x 4-1/2" deep, 1/4" plate glass	S.F.	\$ 42.31	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.68	\$123,333.1
B20201241500	WINDOWS	Aluminum frame, window wall, mill finish, thermo-break, 2-1/4" x 4-1/2" deep, insulating glass	S.F.	\$ 42.97	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.29	\$21,485.1
B20301251200	DOORS	Door, single, aluminum and glass, 3'-0" x 7'-0"	Ea.	\$ 3,657.93	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.40	\$29,263.4
B20301501300	DOORS	Door, sliding wood, 6'0" x 6'8", vinyl coated, insulated glass	Ea.	\$ 2,032.57	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.47	\$34,553.1
B20302402100	DOORS	Double Door, hollow metal exterior, plain, 6'-0" x 6'-8", wood frame & trim	Ea.	\$ 1,919.16	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.13	\$9,595.1
B30101600200		Roofing, built-up, 3 plies glass fiber felt type IV, 1 ply mineral surface	S.F.	\$ 2.61			\$0.37	\$27,224.5
B30201105200	GLAZING	Skylight, plastic domes, insulated curbs, nominal size to 10 SF, double glazing	S.F.	\$ 46.63	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.95	\$69,945.1
	Other						\$0.00	\$0.0
							\$10.07	\$739,302.7
C INTERIORS								
C10101361300	PARTITIONS	Partitions, gypsum board, 5/8" thick, fire resistant - LEVEL 2	S.F.	\$ 5.92	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$5.40	\$396,397.2
C10101361300	PARTITIONS	Partitions, gypsum board, 5/8" thick, fire resistant - LEVEL 1	S.F.	\$ 5.92	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$5.32	\$390,672.1
C10201101500	DOORS	Doors, interior fire door, drywall frame, 1-3/8" thick, 2'-8" x 6'-8" - Level 1	Ea.	\$ 1,124.82	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.03	\$2,249.1
C10201101500	DOORS	Doors, interior fire door, drywall frame, 1-3/8" thick, 2'-8" x 6'-8" - Level 2	Ea.	\$ 1,124.82	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.47	\$107,982.7
C20101100680	STAIRS	Stairs, steel, grate type w/nosing & rails, 20 risers, with landing	Flight	\$ 12,843.10	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.05	\$77,058.1
055216500020	RAILINGS	Railing, industrial, welded, steel pipe, 2 rails, 3'-6" high, posts @ 5' OC, 1-1/2" dia x 42" H, shop fabricated	L.F.	\$ 58.40	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.31	\$22,659.2
C30102100200	FINISHES	Painting, on plaster or drywall, brushwork, primer and 2 coats - LEVEL 2	S.F.	\$ 1.00	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.43	\$105,321.1
C30102100200	FINISHES	Painting, on plaster or drywall, brushwork, primer and 2 coats - LEVEL 1	S.F.	\$ 1.00	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.60	\$117,247.1
C30172101110	FINISHES	Prepare and paint door, lubricate door hardware, single leaf	Ea.	\$ 358.21	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.52	\$38,328.4
C30204300500	FINISHES	Flooring, carpet, nylon anti-static, 26 oz heavy traffic - LEVEL 1	S.F.	\$ 6.57	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$5.81	\$426,695.2
C30204300500	FINISHES	Flooring, carpet, nylon anti-static, 26 oz heavy traffic - LEVEL 2	S.F.	\$ 6.57	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$4.14	\$304,033.1
C30302101200	FINISHES	Suspended acoustical ceiling, 2' x 4' grid, mineral fiber board, standard face, 5/8" thick	S.F.	\$ 3.37	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.64	\$47,304.1
C30302201400	FINISHES	Ceilings, suspended gypsum board, 4' x 8' x 5/8", gypsum drywall, 2 coats paint	S.F.	\$ 3.73	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.82	\$60,224.1
	Other						\$0.00	\$0.0
							\$28.55	\$2,096,174.4
D SERVICES								
D20109581900	PLUMBING	Plumbing - two fixture kitchen, in 1 wall with all necessary service piping	Ea.	\$ 3,124.53	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.94	\$68,739.1
D20109591700	PLUMBING	Plumbing - three fixture bathroom, water closet, lavatory, bathtub, in 1 wall with all necessary service piping	Ea.	\$ 5,143.53	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.54	\$113,157.1

Estimate Name:	Skyway Plaza Community Cntr
Building Type:	Mixed-Use Renovation
Location:	ST. PETERSBURG, FL
Story Count:	2
Story Height (L.F.):	12
Floor Area (S.F.):	73411
Labor Type:	RR
Basement Included:	No
Data Release:	Year 2019 Quarter 1
Cost Per Square Foot:	\$ 108.19
Building Cost:	\$ 7,942,355.98



Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

Assembly #	TASK	Description	Unit	Unit w/O&P	Data Release	CCI Location	Cost/SF	Budget
D20272201110	PLUMBING	Water heater, residential, 100 degree F rise, 30 gallon tank, 32 gph	Ea.	\$ 2,264.73	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.68	\$49,824.06
D30572501180	PLUMBING	Heat pump, thru-the-wall, cabinet, louver, 1 ton	Ea.	\$ 3,977.74	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.19	\$87,510.28
D30572501160	HVAC	Rooftop, single zone, air conditioner, department stores, 10,000 S.F., 29.17 ton	S.F.	\$ 4.36	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.00	\$73,352.64
D30572501180	HVAC	Rooftop, single zone, air conditioner, food supermarkets, 5,000 S.F., 14.17 ton	S.F.	\$ 3.27	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.19	\$14,123.13
D30572601190	HVAC	Rooftop, multizone, air conditioner, diffusers, offices, 10,000 S.F., 31.66 ton	S.F.	\$ 2.20	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.21	\$15,730.00
D40172721140	FIRE PROTECTION	Heads and branches, steel, light hazard, 1 floor, 10,000 S.F.	S.F.	\$ 0.50	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.39	\$28,632.50
D40172721170	FIRE PROTECTION	Heads and branches, steel, light hazard, each additional floor, 5,000 S.F.	S.F.	\$ 0.77	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.17	\$12,432.42
D50271101120	ELECTRICAL	Incl plate, box, conduit, wire, 5 per 1,000 S.F., .6 watts per S.F. - LEVEL 1	S.F.	\$ 1.73	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.53	\$112,356.58
D50271101120	ELECTRICAL	Incl plate, box, conduit, wire, 5 per 1,000 S.F., .6 watts per S.F. - LEVEL 2	S.F.	\$ 1.73	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.09	\$80,057.48
D50272101140	ELECTRICAL	Wall switches, finish work, 5.0 per 1000 S.F. - LEVEL 1	S.F.	\$ 0.41	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.36	\$26,627.86
D50272101140	ELECTRICAL	Wall switches, finish work, 5.0 per 1000 S.F. - LEVEL 2	S.F.	\$ 0.41	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.26	\$18,973.16
D50273101140	ELECTRICAL	Recess mounted in ceiling, 1.6 watt per S.F., 40 FC, 10 fixtures @ 32 watts per 1,000 S.F. - LEVEL 1	S.F.	\$ 2.68	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$2.37	\$174,055.28
D50273101140	ELECTRICAL	Recess mounted in ceiling, 1.6 watt per S.F., 40 FC, 10 fixtures @ 32 watts per 1,000 S.F. - LEVEL 2	S.F.	\$ 2.68	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.69	\$124,019.68
	Other						\$0.00	\$0.00
							\$13.62	\$999,592.39
E EQUIPMENT AND FURNISHINGS								
E10903101400	CASEWORK	Kitchens, prefinished wood cabinets, average quality, counter top, stainless steel sink, appliances, no rough in	Ea.	\$ 8,746.10	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$2.62	\$192,414.20
	Other						\$0.00	\$0.00
							\$2.62	\$192,414.20
F SPECIAL CONSTRUCTION AND DEMOLITION								
024119160250	SELECTIVE DEMOLITION	Selective demolition, cutout, slab on grade, non-reinforced, to 6" thick, 8-16 S.F., excludes loading and disposal	S.F.	\$ 7.64	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$1.12	\$82,359.04
024119160600	SELECTIVE DEMOLITION	Selective demolition, cutout, walls, non-reinforced concrete, under 6 C.F., cut out and break up, excludes loading and disposal	C.F.	\$ 22.26	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$0.15	\$11,319.55
024119211020	SELECTIVE DEMOLITION	Selective demolition, gutting, building interior, commercial building, includes disposal, excludes dumpster fees, maximum	SF Fir.	\$ 5.97	Year 2019 Quarter 1	FLORIDA / ST. PETERSBURG (337)	\$6.97	\$511,913.68
	Other						\$0.00	\$0.00
							\$8.25	\$605,592.27
G BUILDING SITEWORK								
	Other						\$0.00	\$0.00
							\$0.00	\$0.00
							\$0.00	\$0.00
SubTotal							\$63.63	\$4,670,809.15
		Contractor Fees (General Conditions, Overhead, Profit)	(11% + 6% + 15%)				\$20.36	\$1,494,658.93
		Architectural Fees (FL-DMS Fee Calculation, "D" Average Complexity)	7.35%				\$6.17	\$453,161.90
		Project Contingency	20.00%				\$18.03	\$1,323,726.00
		Total Building Cost					\$108.19	\$7,942,355.98

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A GUIDEBOOK FOR ADAPTIVE REUSE OF VACANT RETAIL

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